PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Extension of
Rule 31a-4
OMB Control Number 3235-0783

The U.S. Securities and Exchange Commission ("Commission" or SEC) submits this information collection request (ICR) pursuant to the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. Section 3501 et seq., with the following justification.

1. Necessity of Information Collection

Section 2(a)(41) of the Investment Company Act of 1940 ("Investment Company Act" or "Act") requires funds to value their portfolio investments using the market value of their portfolio securities when market quotations for those securities are "readily available," and, when a market quotation for a portfolio security is not readily available, by using the fair value of that security, as determined in good faith by the fund's board. The aggregate value of a fund's investments is the primary determinant of the fund's net asset value ("NAV"), which for many funds determines the price at which their shares are offered and redeemed (or repurchased). Accordingly, proper valuation, among other things, promotes the purchase and sale of fund shares at fair prices, and helps to avoid dilution of shareholder interests.

Rule 2a-5 provides the requirements for determining in good faith the fair value of the investments of a registered investment company or companies that have elected to be treated as business development companies under the Investment Company Act ("BDCs" and, collectively, "funds") for purposes of section 2(a)(41) of the Investment Company Act and rule 2a-4 thereunder. Under rule 2a-5, fair value as determined in good faith requires assessing and managing material risks associated with fair value determinations; selecting, applying, and testing fair value methodologies; and overseeing and evaluating any pricing services used. Rule 2a-5 also permits a fund's board to designate a "valuation designee" to perform fair value determinations. The valuation designee can be the adviser of the fund or an officer of an internally managed fund. When a board designates the performance of determinations of fair value to a valuation designee for some or all of the fund's investments under rule 2a-5, this rule requires the board to oversee the valuation designee's performance of fair value determinations. To facilitate such oversight, rule 2a-5 also includes certain reporting and other requirements.

Rule 31a-4 contains the recordkeeping requirements associated with rule 2a-5. Specifically, registered investment companies and BDCs, or their advisers, are required to maintain appropriate documentation to support fair value determinations made pursuant to rule 2a-5. Further, if the board of the fund designates performance of fair value determinations to a valuation designee under rule 2a-5, the fund or adviser needs to maintain certain additional records relating to that designation.

Compliance with rule 31a-4 is mandatory for any fund that needs to determine fair value under the Act. To the extent that records that are required to be created and maintained under this rule are provided to the Commission in connection with examinations or investigations, such information will be kept confidential subject to the provisions of applicable law.

2. Purpose and Use of Information Collection

The purpose of the information collection requirement in rule 31a-4 is to help ensure compliance with rule 2a-5's requirements and aid in oversight.

3. Use and Consideration of Information Technology

The information collected under the rule is not submitted to the Commission. The rule does not stipulate any particular method for communicating or preserving the information collected. The Electronic Signatures in Global and National Commerce Act and the conforming amendments to rules under the Investment Company Act permit funds to maintain records electronically.

4. Identifying and Minimizing Duplication

The Commission is not aware of any duplicate recordkeeping requirements concerning rule 31a-4.

5. Effect on Small Entities

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act (5 U.S.C. 601 et seq.), to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. These requirements will impose burdens on all funds, including those that are small entities. There are different factors that would affect whether a smaller fund incurs costs relating to this requirement that are on the higher or lower end of the estimated range. For example, we would expect that smaller funds – and more specifically, smaller funds that are not part of a fund complex – may not have recordkeeping systems that meet all the elements that are required under this rule. Also, while larger funds or funds that are part of a large fund complex may incur higher costs related to these requirements in absolute terms relative to a smaller fund or a fund that is part of a smaller fund complex, a smaller fund may find it more costly, per dollar managed, to comply with the requirements because it will not be able to benefit from a larger fund complex's economies of scale.

We do not believe that exempting small funds from the provisions in the rule would permit us to achieve our stated objectives, principally to protect investors from improper valuations. Further, certain elements of the rule only affects fund boards that designate a valuation designee to perform fair value determinations, and, therefore, the rule will require funds to comply with this specific requirement only if the boards designated responsibilities to a valuation designee. However, we expect that most funds holding securities that must be fair valued will do so. Therefore, if a board to a small entity does not do this and instead performs its statutory function directly, then the small entity would not be subject to this provisions of the rule.

6. Consequences of Not Conducting Collection and Obstacles to Reducing Burden

Less frequent information collection would be incompatible with the objectives of rule 31a-4. The requirements of the rule are necessary to help ensure compliance with rule 2a-5's requirements and aid in oversight.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

Not applicable.

8. Public Comment and Consultations Outside the Agency

The SEC did not receive public comment during the 60-day notice and comment period.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality and Privacy

Not applicable.

11. Collection Questions of a Sensitive Nature

Not applicable.

12. Estimated Time Burden and its Cost Equivalent

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms.

The table below summarizes the estimated burdens associated with the collection of information from the PRA estimates for internal and external burdens associated with rule 31a-4.[1]

[1] To calculate the occupational hourly rates, the Commission uses occupational mean hourly wage data from the Occupational Employment and Wage Statistics (OEWS) program of the Bureau of Labor Statistics (BLS) for "Securities, Commodity Contracts, and Other Financial Investments and Related Activities" (NAICS 523). *See Occupational Employment and Wage Statistics*, U.S. Bureau of Labor Statistics, https://www.bls.gov/oes/; *see also Standard Occupational Classification*, U.S. Bureau of Labor Statistics, https://bls.gov/soc/ (describing occupational classification system used by BLS); Exec. Off. of the President, Off. of Mgmt. & Budget, North American Industry Classification System (2022), *available at* https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf (describing the industry classification system used by BLS and other agencies). The mean hourly wage for each occupation is adjusted for changes in the seasonally adjusted employment cost index for private wages and salaries between the data reference period and when the data are released by BLS. *See Employment Cost Index*, U.S. Bureau of Labor Statistics, https://www.bls.gov/eci/. The adjusted mean hourly wage is then multiplied by a factor that accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as an average over the 10 most recently available years of data of the ratio of the Bureau of Economic Analysis's annual gross output data for NAICS 523 to total annual wages across all occupations for NAICS 523 in the OEWS data. *See Gross Output by Industry,* U.S. Bureau of Economic Analysis, https://www.bea.gov/data/industries/gross-output-by-industry; *Occupational Employment and Wage Statistics, U.S. Bureau of labor Statistics*, https://wwww.bls.gov/oes/. The final product is the occupational hourly rate. *See generally* Updated Methodology for Calculating Occupational Hourly Rates (Dec. 19, 2025), *available at* https://www.sec.gov/files/method-occupational-hourly-rates.pdf

Previously Approved Burden

	Internal burden hours	Wage rate	Internal time costs
Recordkeeping	18 hours x	$63 (general clerk)	$1,134
Recordkeeping	18 hours x	$96 (senior computer operator)	$1,728
Recordkeeping	18 hours x	$368 (compliance attorney)	$6,624
Total annual burden per fund	54 hours		$9,486
Number of funds	9,804 hours		9,804 hours
Total final annual burden	529,416 hours		$93,000,744

Current estimated burden

	Internal burden hours	Wage rate	Internal time costs
Recordkeeping	18 hours x	$144 (general clerk)	$2,592
Recordkeeping	18 hours x	$744 (compliance attorney)	$13,392
Total annual burden per fund	36 hours		$15,984
Number of funds	10,047		10,047
Total final annual burden	361,692 hours		$160,591,248

The result is a decrease in the total annual burden hours to 361,692 hours from 529,416, a decrease of 167,724 hours, but an increase in the total internal time costs from $93,000,744 to $160,591,248, an increase of $67,590,504. The total annual hour burden decreased because of change/reduction in the estimated internal personnel necessary to complete the collection of information. The total internal time cost increased due to increases in estimated wage rates and an increase in the number of funds subject to rule 31a-4.

13. Estimated Additional Cost Burden

Cost burden is the cost of goods and services purchased to collect the information required under rule 31a-4. The cost burden does not include the hour burden discussed in Item 12 above. As outlined in the table above, we estimate the total cost burden to comply with rule 31a-4 to be $160,591,248.

14. Annual Cost to the Federal Government

Not applicable.

15. Reasons for Changes in Burden Estimates

The estimated hourly burden associated with rule 31a-4 had changed to 361,692 hours from 529,416, a decrease of 167,724 hours. The estimated external cost burden associated with rule 31a-4 has increased from $93,000,744 to $160,591,248, an increase of $67,590,504. The total annual hour burden decreased because of change/reduction in the estimated internal personnel necessary to complete the collection of information. The total internal time cost increased due to increases in estimated wage rates and an increase in the number of funds subject to rule 31a-4.

16. Plans for Publishing Results

Not applicable.

17. Approval to Omit Display of OMB Expiration Date

Not applicable.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

Not applicable.