U.S. Securities and Exchange Commission

# PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Extension of
Rule 30b1-10 and Form N-RN
OMB Control Number 3235-0754

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 30(b) of the Investment Company Act of 1940 [15 U.S.C. 80a-30(b)] ("Investment Company Act") provides that "[e]very registered investment company shall file with the Commission…such information, documents, and reports (other than financial statements), as the Commission may require, to keep reasonably current the information and documents contained in the registration statement of such company…"

Rule 30b1-10 [17 CFR 270.30b1-10] and Form N-RN [17 CFR 274.223] require registered open-end management investment companies (not including entities regulated as money market funds under 17 CFR 270.2a-7), registered closed-end funds, and business development companies (collectively, "funds"), to file a current report on Form N-RN on a non-public basis when certain events related to their liquidity and events regarding funds' compliance with the VaR-based limit on fund leverage risk in 17 CFR 270.18f-4 ("rule 18f-4") occur. The first category of information reported on Form N-RN concerns events under which more than 15% of an open-end fund's net assets are, or become, illiquid investments that are assets as defined in 17 CFR 270.22e-4 ("rule 22e-4") and when holdings in illiquid investments are assets that previously exceeded 15% of a fund's net assets have changed to be less than or equal to 15% of the fund's net assets.[1] The second category of information reported on Form N-RN regards events for certain open-end funds under which a fund's holdings in assets that are highly liquid investments fall below the fund's highly liquid investment minimum defined in rule 22e-4 for more than 7 consecutive calendar days.[2] The third category of information reported on Form N-RN regards information about a fund's breaches of the VaR test under rule 18f-4. A report on Form N-RN is required to be filed, as applicable, within one business day of the occurrence of one or more of these events.[3] In addition, a fund is in certain cases required to file a second Form N-RN when it is no longer in breach of the applicable limit. Compliance with rule 30b1-10 is mandatory for all funds. Responses to the disclosure requirements will be kept confidential.

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1 *See* Part B and Part C of Form N-RN.

2 *See* Part D of Form N-RN.

3 *See* General Instruction A.2 of Form N-RN.

## 2. Purpose and Use of Information Collection

Certain provisions of the rule and form contain "collection of information" requirements within the meaning of the Paperwork Reduction Act of 1995 [44 U.S.C. 3501, et seq.]. The information collection requirements for rule 30b1-10 and Form N-RN are designed to enable the Commission to receive information on fund liquidity events, and events regarding funds' compliance with the VaR-based limit on fund leverage risk in rule 18f-4, more uniformly and efficiently, and to enhance the Commission's oversight of funds when these events occur and its ability to respond to market events. The Commission will be able to use the information provided on Form N-RN in its regulatory, disclosure review, inspection, and policymaking roles.

## 3. Use and Consideration of Information Technology

The Commission's Electronic Data Gathering, Analysis, and Retrieval System ("EDGAR") automates the filing, processing, and dissemination of full disclosure filings. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. Reports on Form N-RN are required to be filed electronically on EDGAR.

## 4. Identifying and Minimizing Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it proposes or adopts changes to the relevant rule or form. The requirements of Form N-RN are not generally duplicated elsewhere.

## 5. Effect on Small Entities

The information collection requirements of rule 30b1-10 and Form N-RN do not distinguish between small entities and other funds. The burden of the conditions on smaller funds may be proportionally greater than for larger funds. The Commission believes, however, that imposing different requirements on smaller investment companies would not be consistent with investor protection and the purposes of the rule's conditions and could potentially jeopardize the interests of investors in small funds. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

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

Rule 30b1-10 and Form N-RN set forth the disclosure requirements for current reports filed by funds to enable the Commission to receive information on fund liquidity events, and events regarding funds' compliance with the VaR-based limit on fund leverage risk in rule 18f-4, more uniformly and efficiently and to enhance the Commission's oversight of funds when these events occur and its ability to respond to market events. Less frequent collection would mean that timely disclosure of information regarding these events would not be available to the Commission.

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

Under applicable federal regulations, OMB generally will not approve a collection of information that includes a pledge of confidentiality unless the pledge is "supported by disclosure and data security policies that are consistent with the pledge....”[4] In addition, if an agency proposes to collect confidential information, it must be able to “demonstrate that it has instituted procedures to protect the information’s confidentiality to the extent permitted by law.”[5]

Form N-RN elicits non-public information about circumstances regarding certain fund liquidity events, and events regarding funds’ compliance with the VaR-based limit on fund leverage risk in rule 18f-4. When these events occur, reporting to the Commission is necessary to provide the Commission with timely information that may prompt the Commission to inquire further into the circumstances that gave rise to the requirement to file Form N-RN. The Commission finds that it is neither necessary nor appropriate in the public interest or for the protection of investors to make the information filed on Form N-RN publicly available and, therefore, does not intend to make public Form N-RN.[6]

In addition, the Commission recognizes the importance of sound data security practices and protocols for non-public information, including information that may be competitively sensitive. The Commission has substantial experience with storage and use of non-public information reported on Form PF and delayed public disclosure of information on Form N-MFP (although the Commission no longer delays public disclosure of reports on Form N-MFP), as well as other non-public information that the Commission handles in the ordinary course of its business. Commission staff has in place controls and systems for the use and handling of non-public information reported on Form N-RN.

## 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

The Commission does not intend to make public information reported on Form N-RN that is identifiable to any particular registrant, although the Commission may use Form N-RN information in an enforcement action. See also Section 7 of this supporting statement.

## 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 and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with rule 30b1-10 and Form N-RN is mandatory. Based on historical filing data and projected estimates of the annual number of VAR-based

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4 5 CFR 1320.5(d)(2)(vii).

5 5 CFR 1320.5(d)(2)(viii).

6 *See* section 45(a) of the Investment Company Act, which requires information in investment company forms to be made available to the public, unless the Commission finds that public disclosure is neither necessary nor appropriate in the public interest or for the protection of investors.

filings, the staff estimates that the Commission will receive roughly 31 reports per year on Form N-RN on average.[7]

When filing a report on Form N-RN,[8] staff estimates that a fund will spend on average approximately 4 hours of a lawyer's and a computer programmer's time to prepare, review, and submit Form N-RN reports.[9] We estimate the total time per response to be $2,420.[10] Accordingly, in the aggregate, staff estimates that compliance with rule 30b1-10 and Form N-RN will result in a total annual burden of approximately 124 burden hours and total annual time costs of approximately $75,020.

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7 This estimate was calculated based on a 3-year annual average of the reports filed on Form N-RN annually between 2023 and 2025.

8 For purposes of this estimate, the staff expects that it would take approximately the same amount of time to prepare and file a report on Form N-RN, regardless under which Part of Form N-RN it is filed.

9 To calculate the occupational hourly rates used in this release, 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://www.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://www.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.pdfoffic.

10 This estimate is based on the following calculations: ($774 hourly wage rate for lawyer + $436 hourly wage rate for computer programmer) / 2 = $605 blended hourly wage rate. $605 blended hourly wage rate x 4 hours = $2,420.

| ICR Estimated Time Burden and its Cost Equivalent | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Information Collections (ICs)** | **Requirement Type** | **Number of Respondents** | **Frequency of Response (Number of Responses per Respondent per Time Period)** | **Time per Response** | **Equivalent Cost per Response** | **Total Annual Time Burden (Hours)** | **Total Annual Cost Burden Equivalent ($)** |
| **Rule 30b1-10 and Form N-RN** | Reporting | 31 | 1 Annually | 4 hours | $2,420 | 124 hours | $75,020 |
| **TOTAL ICs:** | | 31 | | | **ICR TOTAL:** | **124 hours** | **$75,020** |

## 13. Estimated Additional Cost Burden

Cost burden is the cost of goods and services purchased to comply with rule 30b1-10 and Form N-RN, such as licensing software solutions or for the services of external service providers. The cost burden does not include the hour burden discussed in Item 12. Estimates are based on the Commission's experience with the filing of registration forms. The Commission estimates that there will be no external costs associated with this collection of information.

## 14. Annual Cost to the Federal Government

The SEC is in the process of revising its methodologies to estimate annualized costs to the Federal government for all its relevant collections of information. The SEC anticipates that future extensions of this collection of information will reflect the revised methodologies.

## 15. Reasons for Changes in Burden Estimates

Rule 30b1-10 has a current annual burden of 264 hours. The hour burden associated with rule 30b1-10 has decreased by 140 hours to a total of 124 hours since our last burden analysis. This change is due to a change in our estimate of the number of annual responses from 66 to 31. The Commission continues to estimate that there is no external cost burden associated with this rule.

| Reasons for Changes in Burden Estimates | | |
|---|---|---|
| **Information Collections (ICs)** | **Area of Change** | **Reason for Change in Burden Estimates** |
| **Rule 30b1-10 and Form N-RN** | Annual Number of Responses for this IC | • Change Due to Adjustment in Agency Estimate |
| | Annual IC Time Burden (Hours) | • Change Due to Adjustment in Agency Estimate |

## 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.