U.S. Securities and Exchange Commission

PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Extension of

Rule 31a-2: Records to be preserved by registered investment companies, certain majority-owned subsidiaries thereof, and other persons having transactions with registered investment companies.

OMB Control Number 3235-0179

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 31(a)(1) of the Investment Company Act of 1940 (the "Act")[1] requires registered investment companies ("funds") and certain underwriters, broker-dealers, investment advisers, and depositors to maintain and preserve records as prescribed by Commission rules.[2] Rule 31a-1 under the Act specifies the books and records that each of these entities must maintain.[3] Rule 31a-2 under the Act specifies the time periods that entities must retain certain books and records, including those required to be maintained under rule 31a-1.[4]

Rule 31a-2 requires the following:

- Every fund must preserve permanently, and in an easily accessible place for the first two years, all books and records required under rule 31a-1(b)(1)–(4).[5]
- Every fund must preserve for at least six years, and in an easily accessible place for the first two years:

1 15 U.S.C. 80a-1 *et seq*.

2 15 U.S.C. 80a-30(a)(1).

3 17 CFR 270.31a-1.

4 17 CFR 270.31a-2.

5 17 CFR 270.31a-2(a)(1). These include, among other records, journals detailing daily purchases and sales of securities; general and auxiliary ledgers reflecting all assets, liability, reserve, capital, income, and expense accounts; separate ledgers reflecting for each portfolio security as of the trade date all "long" and "short" positions carried by the fund for its own account; and corporate charters, certificates of incorporation, by-laws, and minute books. 17 CFR 270.31a-1(b)(1)–(4).

- all books and records required under rule 31a-1(b)(5)–(12);[6]
- all vouchers, memoranda, correspondence, checkbooks, bank statements, canceled checks, cash reconciliations, canceled stock certificates, and all schedules evidencing and supporting each computation of net asset value of fund shares, including schedules evidencing and supporting each computation of an adjustment to net asset value based on swing pricing policies and procedures;[7]
- all schedules evidencing and supporting each computation of a liquidity fee by a money market fund pursuant to rule 2a-7(c)(2);[8]
- other documents required to be maintained by rule 31a-1(a) and not enumerated in rule 31a-1(b);[9]
- any advertisement, pamphlet, circular, form letter, or other sales literature addressed or intended for distribution to prospective investors;[10]
- any record of the initial determination that a director is not an interested person of the fund, and each subsequent determination that the director is not an interested person of the fund, including any questionnaire and any other document used to determine that a director is not an interested person of the company;[11]
- any materials used by the disinterested directors of a fund to determine that a person who is acting as legal counsel to those directors is an independent legal counsel;[12] and
- any documents or other written information considered by the directors of the fund pursuant to section 15(c) of the Act in approving the terms or renewal of a contract or agreement between the fund and an investment advisor.[13]

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6 17 CFR 270.31a-2(a)(2). These include, among other records, records of each brokerage order given in connection with purchases and sales of securities by the fund; records of all other portfolio purchases or sales; records of all puts, calls, spreads, straddles, and other options in which the fund has an interest, which it has granted, or which it has guaranteed; records of proof of money balances in all ledger accounts; files of all advisory material received from the investment adviser; and memoranda identifying persons, committees, or groups authorizing the purchase or sale of securities for the fund. 17 CFR 270.31a-1(b)(5)–(12).

7 17 CFR 270.31a-2(a)(2).

8 *Id. See also* 17 CFR 270.2a-7(c)(2).

9 *Id.*

10 17 CFR 270.31a-2(a)(3).

11 17 CFR 270.31a-2(a)(4).

12 17 CFR 270.31a-2(a)(5).

13 17 CFR 270.31a-2(a)(6). Section 15 of the Act requires that fund directors, including a majority of independent directors, annually approve the fund's advisory contract and that the directors first obtain from the adviser the information reasonably necessary to evaluate the contract. The information request requirement in section 15 provides fund directors, including independent directors, a tool for obtaining the information they need to represent shareholder interests. 15 U.S.C. 80a-15(c).

- Every underwriter, broker, or dealer that is a majority-owned subsidiary of a fund must preserve records required to be preserved by brokers and dealers under rules adopted under section 17 of the Securities Exchange Act of 1934 (the “Exchange Act”)[14] for the periods established in those rules.[15]
- Every depositor of a fund and every principal underwriter of a fund (other than a closed-end fund) must preserve for at least six years records required to be maintained by brokers and dealers under rules adopted under section 17 of the Exchange Act to the extent the records are necessary or appropriate to record the entity’s transactions with the fund.[16]
- Every investment adviser that is a majority-owned subsidiary of a fund must preserve the records required to be preserved by investment advisers under rules adopted under section 204 of the Investment Advisers Act of 1940 (the “Investment Advisers Act”)[17] for the periods specified in those rules.[18]
- Every investment adviser that is not a majority-owned subsidiary of a fund must preserve for at least six years records required to be maintained by registered investment advisers under rules adopted under section 204 of the Investment Advisers Act to the extent the records are necessary or appropriate to reflect the adviser’s transactions with the fund.[19]

The records required to be maintained and preserved under this part may be maintained and preserved for the required time by, or on behalf of, a fund on (1) micrographic media, including microfilm, microfiche, or any similar medium, or (2) electronic storage media, including a digital storage medium or system that meets certain requirements.[20]

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14 15 U.S.C. 78q.

15 17 CFR 270.31a-2(b).

16 17 CFR 270.31a-2(c).

17 15 U.S.C. 80b-4.

18 17 CFR 270.31a-2(d).

19 17 CFR 270.31a-2(e).

20 17 CFR 270.31a-2(f)(1).

The fund, or person that maintains and preserves records on its behalf, must arrange and index the records in a way that permits easy location, access, and retrieval of any particular record.[21]

Commission staff periodically inspect the operations of all funds to ensure their compliance with the provisions of the Act and the rules under the Act. The staff spends a significant portion of its time in these inspections reviewing the information contained in the books and records required to be kept by rule 31a-1 and to be preserved by rule 31a-2.

2. Purpose and Use of Information Collection

The retention of records, as required by the rule, is necessary to ensure access to material business and financial information about funds and certain related entities. As noted above, Commission staff periodically inspect the operations of funds to ensure they are in compliance with the Act and regulations under the Act. Due to the limits on the Commission's resources, however, each fund may only be inspected at intervals of several years. In addition, the prosecution of persons who have engaged in certain violations of the federal securities laws may not be limited by timing restrictions. For these reasons, Commission staff often need information relating to events or transactions that occurred years ago. Without the requirement to preserve books, records, and other documents, Commission staff would have difficulty determining whether the fund was in compliance with the law in such areas as valuation of its portfolio securities, computation of the prices investors paid, and, when purchasing and selling fund shares, types and amounts of expenses the fund incurred, kinds of investments the fund purchased, actions of affiliated persons, or whether the fund had engaged in any illegal or fraudulent activities. As part of the staff's examinations of funds, the staff also reviews the materials that directors consider in approving the advisory contract.

3. Use and Consideration of Information Technology

Rule 31a-2(f) permits records that are required to be maintained and preserved under the rule to be maintained electronically provided that the storage meets certain conditions, including that (i) the records are maintained and preserved so as to reasonably safeguard them from loss, alteration, or destruction, (ii) access is limited to properly authorized personnel, the fund's directors, and the Commission and its staff, and (iii) the fund reasonably ensures that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved.

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21 17 CFR 270.31a-2(f)(2)(i). In addition, the fund, or person who maintains and preserves records for the fund, must provide promptly any of the following that the Commission (by its examiners or other representatives) or the directors of the fund may request: (A) a legible, true, and complete copy of the record in the medium and format in which it is stored; (B) a legible, true, and complete printout of the record; and (C) means to access, view, and print the records. 17 CFR 270.31a-2(f)(2)(ii). The fund (or person) also must separately store, for the time required for preservation of the original record, a duplicate copy of the record on any medium allowed by rule 31a-2. 17 CFR 270.31a-2(f)(2)(iii). In the case of records retained on electronic storage media, the fund, or person that maintains and preserves records on its behalf, must establish and maintain procedures: (1) to maintain and preserve the records, so as to reasonably safeguard them from loss, alteration, or destruction; (2) to limit access to the records to properly authorized personnel, the directors of the fund, and the Commission (including its examiners and other representatives); and (3) to reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved. 17 CFR 270.31a-2(f)(3).

4. Identifying and Minimizing Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or form, or a change in either, and did so when proposing the amendments. The requirements of rule 31a-2 are not generally duplicated elsewhere. While funds may currently maintain records under the requirements of rule 31a-1, rule 31a-1 does not specifically require preservation of these records.

5. Effect on Small Entities

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act,[22] to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. The recordkeeping requirements of rule 31a-2 do not distinguish between large and small entities. The Commission believes that compliance with rule 31a-2 is not unduly burdensome for large or small entities and that imposing different requirements on smaller funds would not be consistent with investor protection and the purposes of the preservation of records requirements.

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

Rule 31a-1 requires funds, certain of their majority-owned subsidiaries, and other related entities to maintain certain records. The frequency with which entities collect this information depends, to a large extent, on the circumstances of the activities and transactions of the fund and these entities. Rule 31a-2 requires funds, their majority-owned subsidiaries, and other related entities to preserve the records required to be maintained under rule 31a-1. Rule 31a-2 also requires funds to maintain advertising materials, materials considered by a fund board each time it approves a fund's advisory contract, materials relating to the independence of legal counsel and fund directors and, for any fund that chooses to use swing pricing, a record of support for each computation of an adjustment to the NAV of the fund's shares based on the fund's swing policies and procedures. Money market funds maintain records evidencing and supporting each computation of a liquidity fee as required by the amendments. Additionally, funds must preserve records documenting compliance with certain requirements. If entities did not have to preserve these records, our staff would have difficulty determining whether a fund is in compliance with the Act.

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

Rule 31a-2 requires funds to preserve certain records for six years and other records permanently. The Commission believes that the long-term retention of records is necessary to carry out our examination and enforcement responsibilities, and our mandate to ensure that the Act's provisions are legally enforceable. The Commission's staff periodically inspect the operations of funds to ensure compliance with the rules and regulations under the Act; however, each fund may be inspected only at intervals of several years due to limits on our resources. Furthermore, the prosecution of persons that have engaged in certain violations of the federal securities laws may not be limited by timing restrictions. For these reasons, Commission staff often need information relating to events or transactions that occurred years ago. In section 31(a) of the Act,[23] Congress specifically authorized the

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22 5 U.S.C. 601 *et seq.*

23 15 U.S.C. 80a-30(a).

Commission to require funds to “maintain and preserve” books and records "for such period or periods" as the Commission may prescribe by rules. Electronic record storage, as permitted by the rule, has made long-term retention of records less burdensome.

8. Public Comment and Consultations Outside the Agency

The Commission and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the fund industry through public conferences, meetings, and informal exchanges. These various forums provide the Commission and staff with a means of ascertaining and acting upon paperwork burdens confronting the industry. The Commission requested public comment on the collection of information requirements in rule 31a-2 before it submitted this request for extension and approval to the Office of Management and Budget. The Commission 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 Information Collection does not collect information about individuals, therefore, a PIA, SORN, and PAS are not required.

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[24] and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with rule 31a-2 is mandatory. To the extent the Commission receives confidential information pursuant to the collections of information, such information will be kept confidential, subject to the provisions of applicable law. The hour burden estimates for retaining records under rule 31a-2 are based on our experience with registrants, our experience with similar requirements under the Act and the rules under the Act, and on prior conversations with representatives of the fund industry. The number of burden hours may vary depending on, among other things, the complexity of the fund, the issues faced by the fund, the number of series and classes of the fund, and whether the fund uses swing pricing (which no funds currently do).

24 44 U.S.C. 3501 *et seq.*

The Commission currently estimates that the annual burden associated with rule 31a-2 is 221 hours per fund, with a monetized cost burden of $49,283 per fund.[25] There are 2,741 funds currently operating as of December 31, 2025, all of which are required to comply with rule 31a-2. Accordingly, in the aggregate, staff estimates that compliance with rule 31a-2 will result in a total annual burden of approximately 605,761 burden hours and total annual time costs of approximately $135,084,703.

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 31a-2	Recordkeeping	2,741	1 Annually	221	$49,283	605,761	$135,084,703

25 This estimate is based on the following calculations: ($142 hourly wage for an office clerk + $304 hourly wage for a computer network specialist) / 2 = $223 blended hourly rate. 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://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.

13. Estimated Additional Cost Burden

Cost burden is the cost of goods and services purchased to comply with the requirements of rule 31a-2, such as for the services of outside counsel. The cost burden does not include the hour burden discussed in Item 12 above. The Commission estimates that funds incur about $40,602 in external cost burden each year,[26] resulting in an aggregate cost burden of approximately $111,290,082.

14. Annual Cost to the Federal Government

Not applicable.

15. Reasons for Changes in Burden Estimates

Rule 31a-2 has a current annual burden of 607,315 hours. The hour burden associated with the rule has decreased by 1,554 hours to 605,761 since our last burden analysis due to a reduction in the number of responses. For the same reasons, the rule's external cost burden is decreasing by $528,192, from the current external cost burden of $111,818,274 to $111,290,082.

16. Plans for Publishing Results

The results of any information collected will not be published.

17. Approval to Omit Display of OMB Expiration Date

The Commission is seeking OMB approval to omit the expiration date because the public may find it confusing to see an expiration date on a form, especially when approaching the expiration date.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

The following exceptions apply to rule 31a-2:

- Small entities (see explanation in Item 5): The Commission believes that imposing different requirements on small entities would not be consistent with investor protection.
- Statistical survey methodology: Rule 31a-2 does not employ statistical survey methods.

26 This estimate reflects that the Commission believes that funds would already preserve these same books and records, as they are also necessary to prepare financial statements, meet various state reporting requirements, and prepare their annual federal and state income tax returns. Therefore, the Commission's estimates were previously reduced by 50% to reflect only the incremental cost associated with the rule.