



U.S. Securities and Exchange Commission

PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Revision of

Rule 11a-3

OMB Control Number 3235-0358

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 11(a) of the Investment Company Act of 1940 ("Act") (15 U.S.C. 80a-11(a)) provides that it is unlawful for a registered open-end investment company ("fund") or its underwriter to make an offer to the fund's shareholders or the shareholders of any other fund to exchange the fund's securities for securities of the same or another fund on any basis other than the relative net asset values ("NAVs") of the respective securities to be exchanged, "unless the terms of the offer have first been submitted to and approved by the Commission or are in accordance with such rules and regulations as the Commission may have prescribed in respect of such offers." Section 11(a) was designed to prevent "switching," the practice of inducing shareholders of one fund to exchange their shares for the shares of another fund for the purpose of exacting additional sales charges.

Rule 11a-3 (17 CFR 270.11a-3) under the Act permits funds and their principal underwriters, subject to specified conditions, to make exchange offers at other than relative NAVs to the fund's own shareholders or to shareholders of another fund in the same group of investment companies. Paragraphs (b)(6) and (7) of the rule require a fund to disclose in its prospectus and advertising literature, among other things, the amount of any administrative or redemption fee imposed on an exchange transaction ("disclosure requirement"). Paragraph (a)(2)(i) of the rule requires a fund that imposes an administrative fee on exchange transactions, other than a nominal one, to maintain and preserve records with respect to the actual costs incurred in connection with exchanges for at least six years, the first two in an easily accessible place ("recordkeeping requirement"). Finally, paragraph (b)(8) of the rule requires a fund to give its shareholders a sixty-day notice of a termination of an exchange offer or any material amendment to the terms of an exchange offer ("notice requirement"). The notice is not required when the only material effect of an amendment is to reduce or eliminate an administrative fee, sales load, or redemption fee payable at the time of an exchange, or under certain extraordinary circumstances.

On September 30, 2026, the Commission issued a release that, among other things, would amend certain rules under the Investment Company Act to permit registered closed-end funds and business development companies, as appropriate (together "regulated closed-end funds") to have multiple share class structures and allow them and their affiliates to enter into arrangements for the payment of asset-based distribution and service fees.¹ Specifically, the proposed amendments would condition the ability

¹ Interval Fund Modernization; Expansion of Multiple Share Class to Registered Closed-End Management Investment Companies and Business Development Companies, Rel. No. 33-11444 (Sep. 30, 2026).

of interval funds to deduct deferred sales loads from repurchase offer proceeds on, among other things, compliance with rule 11a-3.

2. Purpose and Use of Information Collection

Rule 11a-3 is an exemptive rule designed to enable funds to make exchange offers, subject to conditions designed to protect investors against abuses that are addressed by section 11(a) of the Act. The disclosure and notice requirements of the rule are intended to provide fund shareholders with information necessary to evaluate exchange offers and certain material changes in the terms of exchange offers. The recordkeeping requirement is designed to enable the staff to monitor the use of administrative fees imposed in connection with exchange transactions.

3. Use and Consideration of Information Technology

Rule 11a-3 does not require the filing of any information with the Commission. The information covered by the recordkeeping requirement of the rule may be preserved in the manner prescribed in rule 31a-2 under the Act (17 CFR 270.31a-2), including on electronic storage media.

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 a change in a rule. Rule 11a-3 does not impose any duplicative recordkeeping or reporting requirements, and information similar to that required to be provided by the rule is not available elsewhere.

5. Effect on Small Entities

Rule 11a-3 provides an exemption for any fund, including a fund that is a small entity, to make exchange offers. The requirements of the rule must be complied with by any fund that wishes to make exchange offers in reliance on the rule. These requirements are designed to protect investors in funds of all sizes and to provide them with adequate and timely information. The rule does not disproportionately burden small entities. Moreover, the benefits of being able to rely on the rule, rather than seek exemptive relief from the Commission, should outweigh the burdens associated with the rule's requirements, regardless of the size of the fund.

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

The notice requirement in rule 11a-3 is designed to give fund shareholders timely information concerning a termination of an exchange offer or a material change in the terms of an exchange offer. If shareholders did not receive notice of such a change, or received notice only a short time before the change took effect, they may not be able to exercise their right to make an exchange before the change took effect.

If the disclosure requirement were deleted, shareholders would not receive full information on the terms under which exchange transactions take place. If the recordkeeping requirement were deleted, the Commission would not have access to information regarding funds' compliance with the terms of the rule.

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

The recordkeeping requirement in the rule requires certain records to be preserved for at least six years. This requirement is designed to ensure that the Commission staff would be able to adequately evaluate funds' use of administrative fees charged in connection with exchange transactions.

8. Public Comment and Consultations Outside the Agency

Before determining whether to adopt the proposed amendments, the Commission will receive and evaluate public comments on the proposal and its collection of information requirements. Moreover, the Commission and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry through public conferences, meetings, and informal exchanges. These various forums provide the Commission and staff with a means of ascertaining and acting upon the paperwork burdens that may confront the industry

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 and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Reliance on rule 11a-3 is generally voluntary, but compliance with its conditions for funds that do rely on it is mandatory. The burdens associated with the disclosure requirement of the rule are accounted for in the burdens associated with the registration statements for funds.

Estimated Burdens

	Previously Approved	Proposed	Difference
Respondents	414 respondents	464 respondents ¹	50
Aggregate Time Burden (hours)	552 hours	617 hours ²	65 hours
Aggregate Monetized Time Burden (\$)	\$68,655.00	\$282,641 ³	\$213,986

¹ Rule 11a-3 has a collection of information which interval funds that charge deferred sales loads that engage in exchange offers would be subject to should the Commission adopt the proposal. In addition, all regulated closed-end funds that would rely on rule 18f-3 and engage in exchange offers would also be subject to the rule 11a-3 collection. We estimate that a total of 168 regulated closed-end funds currently operate under an exemptive order that permits the charging of deferred sales loads or issue multiple share classes. We currently estimate that 25 percent of open-end funds are subject to the recordkeeping requirement of rule 11a-3 and 5 percent of open-end funds are subject to the notice requirements. Thus, we propose to increase the estimated responses of rule 11a-3 by $50 = ((168 \times 0.25) + (168 \times 0.05))$.

² We estimate that complying with rule 11a-3 requires approximately 1.33 hours per respondent annually ($464 \times 1.33 \text{ hours} = 617.12 \text{ hours}$).

³ The estimated monetized time burden is based on the aggregate hours times a \$458 blended wage rate ($\$458 \times 617.12 = 282,641$). The \$458 blended wage rate reflects current estimates of the hourly rate for attorneys (\$774) and general office clerks (\$142) in the securities industry ($(\$774 + \$142)/2 = \$458$).

To calculate the occupational hourly rates used in this release, the Commission uses the May 2025 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 multiplied by an employment cost index (ECI) factor of 1.0227, calculated as one plus the percentage change in the seasonally adjusted ECI for wages and salaries of private industry workers from the second quarter of 2025 (ECI=173.563), which contains the May 2025 OEWS reference period, to the first quarter of 2026 (ECI=177.498), which is the date of the most recently available ECI observations when the occupational hourly rates used in this release were calculated. *See Employment Cost Index, U.S. BUREAU OF LABOR STATISTICS, Seasonal Data 2001-Present, available at <https://www.bls.gov/eci/tables.htm>.* The adjusted mean hourly wage is then multiplied by

a nonwage cost adjustment factor of 5.734, which accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as the average, over 2016-2025, of the ratio of the Bureau of Economic Analysis's gross output 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/>. For example, the \$774 occupational hourly rate for lawyers is calculated as $\$131.91 \times 1.0227 \times 5.734$, or approximately \$774 (where \$131.91 is the May 2025 mean hourly wage for lawyers in NAICS 523). 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>.

13. Estimated Additional Cost Burden

The rule is not estimated to impose any cost burdens other than those discussed in item 12 above.

14. Annual Cost to the Federal Government

Not applicable.

15. Reasons for Changes in Burden Estimates

The change in the number of annual responses from 414 to 464 is due to an increase in the scope of funds subject to the rule's requirements (i.e., the addition of certain registered closed-end funds). The change in the estimated total annual burden hours from 552 hours to 617 hours is due to a similar change in the estimated number of active registered funds subject to the rule's requirements.

16. Plans for Publishing Results

Not applicable.

17. Approval to Omit Display of OMB Expiration Date

We are 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

Not applicable.