

The SEC Proposes Expanding Reporting Requirements for Investment Companies

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On May 20, 2015, the Securities and Exchange Commission (the “SEC”) approved new proposed rules, forms and amendments that would expand the information that registered investment companies¹ are required to report. The SEC’s proposals are intended to capitalize on changes in technology and modernize the fund reporting regime in order to gather better information to be used by investors and the SEC.²

The proposals would (1) create a new monthly portfolio reporting form, Form N-PORT, (2) amend Regulation S-X to standardize and enhance disclosure of derivatives in financial statements, (3) introduce a new Rule 30e-3 allowing transmittal of shareholder reports via a company’s website in lieu of through the mail, and (4) create a new Form N-CEN that would replace Form N-SAR and require the reporting of certain census-type information.

A. New Form N-PORT

Currently, management investment companies (other than small business investment companies) must report their portfolio holdings on a quarterly basis on Form N-Q at the end of the first and third fiscal quarters, and on Form N-CSR at the end of the second and fourth fiscal quarters.³ The proposals would eliminate Form N-Q and replace it with a new Form N-PORT that would be filed by all registered management investment companies and unit investment trusts that operate as exchange-traded funds, except for money market funds and small business investment companies.

The proposal would require covered investment companies to file with the SEC, no later than 30 days after the close of each month, monthly portfolio investment information regarding investments held at the close of each month in a structured data format.⁴ The last Form N-PORT filed for each fiscal quarter would be publicly available 60 days after the end of such quarter. The SEC believes that the new data format would allow investors and the SEC to better collect and analyze portfolio information.⁵ In particular, the SEC has indicated that it believes reporting more frequent and timely fund portfolio information will assist it in analyzing and understanding risks across specific types of funds and the fund industry as a whole.⁶ The categories of information that would be reported on Form N-PORT are summarized below.

i. General Information

Part A of Form N-PORT would require certain general identifying information, including the name of the registrant, name of the series, relevant file numbers and fiscal year end date. The SEC also is proposing that funds provide the legal entity identifier (the “LEI”) for the registrant and series so information can be linked with data from other filings or sources as the identifier becomes more widely used.

ii. Information Regarding Assets and Liabilities

Part B of Form N-PORT would require reporting of portfolio-level information about the fund, including total assets, total liabilities and net assets. Funds also would be required to report the following assets and liabilities separately: (1) aggregate value of

¹ The full text of the SEC’s release on proposed amendments applicable to investment companies is available [here](#) (the “Investment Company Release”).

² Investment Company Release at 14.

³ See Rule 30b1-5 under the Investment Company Act [17 CFR 270.30b1-5]; see also Rule 30b2-1 under the Investment Company Act [17 CFR 270.30b2-1].

⁴ See proposed Rule 30b1-9.

⁵ Investment Company Release at 17.

⁶ *Id.* at 22.

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any “miscellaneous securities” held,⁷ (2) any assets invested in a controlled foreign corporation for the purpose of investing in certain types of investments,⁸ (3) borrowings attributable to amounts payable for notes payable, bonds and similar debt, as reported pursuant to Rule 6-04(13)(a) of Regulation S-X, (4) payables for investments purchased either (i) on a delayed delivery, when-delivered, or other firm commitment basis, or (ii) on a standby commitment basis, and (5) liquidation preference of outstanding preferred stock issued by the fund.

iii. Portfolio-Level Risk Metrics

Form N-PORT would require funds to report quantitative measurements of certain risk metrics at the portfolio level. The SEC believes this will help it monitor and better understand a fund’s exposure to changes in interest rates and credit spreads across the yield curve.⁹

Funds investing in debt instruments, or in derivatives that provide exposure to debt or debt instruments representing at least 20 percent of the fund’s notional exposure as of the reporting date would be required to report, on Form N-PORT, portfolio-level calculations of duration and spread duration across the applicable maturities in the fund’s portfolio. For duration, Form N-PORT would require these funds to provide details about exposures to interest rate changes along the risk-free interest rate curve for each applicable currency in the fund.¹⁰ Form N-PORT also would require these funds to provide a measure of spread duration (commonly known as SDV01) at the portfolio-level for each of the maturities used in the calculation for duration aggregated by noninvestment-grade and investment-grade exposures.

iv. Securities Lending

Form N-PORT would require funds to report for each of their securities lending counterparties the full name and LEI of the counterparty, as well as the aggregate value of all securities on loan to the counterparty.

⁷ The proposed SEC guidelines under Regulation S-X for the reporting of “miscellaneous securities” would allow funds to report an aggregate amount not exceeding 5 percent of the total value of the portfolio investments in one amount as “miscellaneous securities” subject to certain restrictions. See Rule 12-12 of Regulation S-X.

⁸ The SEC would require disclosure of each underlying investment in the controlled foreign corporation rather than just the investment itself.

⁹ Investment Company Release at 37.

¹⁰ The fund would have to calculate the change in value in the fund’s portfolio from a one basis point change in interest rates (commonly known as DV01) for each applicable key rate along the risk-free interest rate curve, *i.e.*, one-month, three-month, six-month, one-year, two-year, three-year, five-year, seven-year, 10-year, 20-year, and 30-year interest rate, for each applicable currency in the fund. A fund only would report the key rates that are applicable to the fund.

v. Return Information

Form N-PORT would require funds to provide monthly total returns for each of the preceding three months. For funds that have multiple classes, returns for each class would be reported separately. Funds also would be required to report monthly net realized gain or loss and net change in unrealized appreciation or depreciation attributable to derivatives for each of the following categories: commodity contracts, credit contracts, equity contracts, foreign exchange contracts, interest rate contracts and other derivatives contracts for each of the preceding three months.

vi. Flow Information

Form N-PORT would require funds to separately report for each of the preceding three months the total net asset value of: (1) shares sold (including exchanges but excluding reinvestment of dividends and distributions), (2) shares sold in connection with reinvestments of dividends and distributions, and (3) shares redeemed or repurchased, including exchanges.

vii. Portfolio Investment Information

Part C of Form N-PORT would require funds to report information on an investment-level basis about each of its portfolio investments, including investments held by consolidated subsidiaries, as of the close of the preceding month. Certain questions would apply to all investments and would require disclosure of information such as the investment’s identification, amount, payoff profile, asset and issuer type, country of investment or issuer, fair value level, and whether the investment was a restricted security or illiquid asset. Other questions would apply only to specific types of investments, including debt securities, repurchase and reverse repurchase agreements, derivatives, and securities lending to which funds would respond only if relevant.

Disclosure Applicable to All Investments. For the questions applicable to all investments, funds would be required to report certain basic information, such as the name of the issuer and title of issuer or description of the investment. Funds also would be required to report the below information for each investment:

- the amount of each investment as of the end of the reporting period (the number of units or principal amount for each investment), the value of each investment at the close of the period, the percentage value of each investment when compared to the net assets of the fund and the currency in which the investment is denominated and if denominated in a foreign currency the exchange rate used to calculate the value;
- the payoff profile of the investment specifying whether it is held long, short or not applicable;
- asset type for the investment (*e.g.*, short-term investment vehicle, repurchase agreement, etc.);

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- whether each investment is a restricted security and whether it is an illiquid asset;
- the level within the fair value hierarchy under U.S. generally accepted accounting principles at which the investment is categorized by the fund (*i.e.*, Level 1, Level 2 or Level 3); and
- the country in which the investment or issuer is located based on risk and economic exposure, and the country of organization if different from the country based on risk and economic exposure.

Investment Type-Specific Disclosures. In addition to disclosures that funds would be required to make regarding all investments, the below disclosures would be required to be made depending on the type of security held.

- **Debt Securities.** Additional information required for debt securities would include: (1) maturity date and coupon, (2) whether the security is in default and (3) certain other detail regarding payment of interest. For convertible securities, the fund would be required to disclose (1) whether the conversion is mandatory or contingent, (2) the conversion ratio, (3) certain details about the asset into which the debt is convertible, and (4) the delta.¹¹
- **Repurchase and Reverse Repurchase Agreements.** Additional information required for debt securities would include: (1) the category that reflects the transaction from the perspective of the fund (repurchase, reverse repurchase), (2) whether the transaction is cleared by a central counterparty, repurchase rate, (3) whether the repurchase agreement is tri-party, (4) the maturity date, and (5) principal amount and value of collateral as well as the category of investments that most closely represents the collateral.
- **Derivatives.** Additional information required for debt securities would include: (1) category of derivative that most closely represents the investment (*e.g.*, forward, future, option, etc.), (2) name or LEI of the counterparty, (3) terms and conditions of each derivative investment that are important to understanding the payoff profile of the derivative, and (4) a description of the reference instrument, including name of issuer, title of issuer and relevant securities identified.¹² The proposal establishes specific additional information that would be required for different categories of derivative instruments.
 - **Options, Warrants and Options on Derivatives.** Funds would report: (1) type (*e.g.*, put or call, etc.), (2) payoff profile (*i.e.*, purchased or written), (3) number of shares or principal amount of underlying reference instrument per contract, (4) exercise price, (5) expiration date, (6) unrealized appreciation or depreciation, and (7) delta.

- **Futures and Forwards (other than Foreign Exchange Forwards).** Funds would report: (1) the payoff profile (*i.e.*, long or short), (2) expiration date, (3) aggregate notional amount or contract value as of the trade date, and (4) unrealized appreciation or depreciation.
- **Foreign Exchange Forwards and Swaps.** Funds would report: (1) amount and description of the currency sold, (2) amount and description of the currency purchased, (3) settlement date, and (4) unrealized appreciation or depreciation.
- **Swaps (other than Foreign Exchange Swaps).** Funds would report: (1) description and terms of payments necessary for a user of financial information to understand the nature and terms of payments to be paid and received, including, as applicable, (2) upfront payments or receipts, (3) unrealized appreciation or depreciation, (3) termination or maturity date, and (4) notional amount.
- **Other Derivatives.** For derivatives that do not fall into the enumerated categories, funds would provide a description of the terms and nature of the investment sufficient for a user of financial information to understand the nature and terms.
- **Securities on Loan and Cash Collateral Reinvestment.** For each securities lending counterparty, the full name and LEI of the counterparty and the aggregate value of all securities on loan to the counterparty. Funds also would report on an investment-level basis information about securities on loan and the reinvestment of cash collateral that secures the loans.

viii. Miscellaneous Securities

Part D of proposed Form N-PORT would, as permitted by Regulation S-X, give funds the option of reporting certain investments as miscellaneous securities. While funds would be required to provide the same information on an investment-by-investment basis, as described above, for each investment as if it was not a miscellaneous security, disclosures regarding miscellaneous securities would be nonpublic.

viii. Explanatory Notes

Part E of Form N-PORT would give funds the option of providing explanatory notes related to the filing. Notes provided in any public reports would be publicly available while those in any nonpublic filings of Form N-PORT would be nonpublic.

ix. Exhibits

Funds would file in Part F of Form N-PORT for the first and third quarters of the fund's fiscal year the fund's complete portfolio holdings, presented in accordance with Regulation S-X. As further discussed below, these filings would replace reports filed on Form N-Q.

¹¹ The delta is the ratio of the change in the value of the option to the change in the value of the asset into which the debt is convertible.

¹² Further information about the reference instrument would be required when the reference instrument is a derivative or a "custom basket" of assets.

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x. Rescission of Form N-Q

The proposal would eliminate Form N-Q. As discussed above, proposed requirements of Form N-PORT would include portfolio holdings information, and the SEC believes these forms would be unnecessarily duplicative.¹³

The SEC proposals also would amend the certification requirements of Form N-CSR such that the certification look-back period would cover six months as opposed to three months, as currently required, in order to eliminate the gap in the certification period resulting from the elimination of Form N-Q.

B. Amendments to Regulation S-X

The SEC's proposed amendment to Regulation S-X would require new disclosures regarding derivative contracts in a fund's financial statements, its shareholder reports and, as applicable, website disclosures.¹⁴ As discussed above, many of the enhanced disclosures of derivatives also would be required to be reported on the new Form N-PORT.

The amendments would (1) require new standardized disclosures regarding fund holdings in open futures contracts, open forward foreign currency contracts, open swap contracts and additional disclosures regarding fund holdings of written and purchased option contracts, (2) update disclosures for other investments, and (3) amend the rules regarding the general form and content of fund financial statements. The proposal also would require disclosure of derivatives investments to be displayed prominently in the fund's financial statements rather than placed in the notes, as currently permitted, and require disclosure in the notes as to a fund's securities lending activities.¹⁵

i. Enhanced Derivatives Disclosures

Funds currently disclose information on open futures contracts, open forward foreign currency contracts and open swap contracts in accordance with Rule 12-13 of Regulation S-X, which requires information on funds' investments other than securities.¹⁶ The SEC believes that the current reporting requirements lack transparency and provide for inconsistent disclosure as to derivative instruments.¹⁷ The proposal would require disclosure of the information listed below for each type of derivative.

- **Open Written Options Contract.** Proposed Rule 12-13 would require new disclosure as to a description of the contract

(currently only the name of the issuer is required), the counterparty to the transaction and the contract's notional amount in addition to current required disclosure. As a result, funds would report (1) description, (2) counterparty, (3) number of contracts, (4) notional amount, (5) exercise price, (6) expiration date, and (7) value. In addition, like the proposed disclosure in Form N-PORT, if the option has an underlying investment in an index or a "custom basket" of assets, certain disclosures regarding the underlying assets would apply.

- **Open Futures Contracts.** Proposed Rule 12-13A would add new disclosure requirements as to the notional amount and value in addition to current required disclosure. As a result, funds would report (1) description, (2) number of contracts, (3) expiration date, (4) notional amount, (5) value, and (6) unrealized appreciation and depreciation. Proposed Rule 12-13A also would require funds to reconcile total unrealized appreciation/depreciation to total variation margin receivable or payable on the related balance sheet.
- **Open Forward Foreign Currency Contracts.** Proposed Rule 12-13B would require new disclosure of the counterparty to each transaction for open forward foreign currency contracts in addition to current required disclosure. As a result, funds would report (1) amount and description of currency to be purchased, (2) amount and description of currency to be sold, (3) counterparty, (4) settlement date, and (5) unrealized appreciation/depreciation.
- **Open Swap Contracts.** Proposed Rule 12-13C would require new disclosure of the counterparty to each open swap contract (except for exchange-traded swaps), the contract's value and any upfront payments or receipts, in addition to current required disclosure. As a result, funds would report (1) description and terms of payments to be received from another party, (2) description and terms of payments to be paid to another party, (3) counterparty, (4) maturity date, (5) notional amount, (6) value, (7) upfront payments/receipts, and (8) unrealized appreciation/depreciation. In addition, like the proposed disclosure in Form N-PORT, if the option has an underlying investment in an index or a "custom basket" of assets, certain disclosures regarding the underlying assets would apply. Funds also would be required to disclose variable financing rates for swaps that pay or receive financing payments.
- **Other Investments.** Proposed Rule 12-13D would replace current Rule 12-13 under which funds report investments not required to be reported elsewhere pursuant to Article 12. Funds would be required to report (1) description, (2) balance held at close of period-quantity, and (3) value of each item at close of period. The SEC indicated that examples of holdings reported under this rule would be, among other things, investments in physical holdings, such as real estate or commodities.

¹³Investment Company Release at 104.

¹⁴*Id.* at 107. See also Rule 1-01, *et seq.* of Regulation S-X [17 CFR 210.1-01, *et seq.*].

¹⁵*Id.* at 107-108.

¹⁶See Rule 12-13 of Regulation S-X.

¹⁷*Id.* at 111.

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ii. Updated Disclosures for Other Investments

The proposal also would make changes to certain other investment disclosures detailed below.

- **Amendments to Rules 12-12 through 12-12C.** The proposal would modify the instructions to Rule 12-12 regarding investments in securities of unaffiliated issuers by (1) requiring funds to categorize the schedule by type of investment, the related industry and the related country or geographic region, (2) requiring disclosure of the interest rate or preferential dividend rate and maturity rate for certain enumerated debt instruments, (3) requiring disclosure of referenced rate and spread when disclosing the interest rate for variable rate securities, and (4) adding certain other instructions pertaining to disclosure requirements under Rule 12-12.
- **Investments in and Advances to Affiliates.** Proposed amendments to Rule 12-14 regarding investments in and advances to affiliates would add required disclosure of realized or unrealized gains or losses in investments in and advances to any “affiliates” or companies in which the investment company owns 5 percent or more of the outstanding voting securities. These disclosures would replace existing disclosure of net realized gain or loss for the period.

iii. Form and Content of Financial Statements

Proposed revisions to Article 6 of Regulation S-X pertaining to the form and content of financial statements would make certain changes to conform Article 6 with proposed changes to Article 12, as discussed above. Funds and their consolidated subsidiaries would now report their consolidated investments for each schedule and no longer disclose which are owned by the fund and which are owned by the consolidated subsidiaries. The proposal also would eliminate Rule 6-10(a), which allows information required by any schedule to be included in the related financial statement or note thereto if the information may be omitted without making the disclosure misleading. The change would require funds to include all schedules required by Rule 6-10 to be presented together within a fund’s financial statements instead of in the notes. The proposal also would change certain disclosure requirements under Rules 6-03, 6-04 and 6-05.3 to specifically reference the disclosed investments.

Funds would be required to make certain disclosures regarding securities lending activities and cash collateral management, including (1) gross income from lending, (2) fees and/or compensation paid, (3) net income, (4) terms of the compensation of the securities lending agent, (5) detail of any other fees, and (6) monthly average value of the portfolio securities on loan. Funds also would be required to separately disclose income from noncash dividends and payment-in-kind interest on the statement of operations.

Certain other changes would be made to Rule 6-07 to conform statement of operations disclosures with those in Rules 12-13A through 12-13C. Finally, the proposal would eliminate the requirement for specific disclosure of written options activity under current Rule 6-07.7(c) and eliminate an exception in Schedule II of current Rule 6-10, which doesn’t require reporting certain *de minimis* investments under current Rule 12-13.

C. New Rule 30e-3: Option for Website Transmission of Shareholder Reports

The SEC proposed a new Rule 30e-3 that would permit, but not require, a fund to satisfy certain requirements under the Investment Company Act of 1940 by posting to the company’s website as a way of distributing shareholder reports. A fund’s annual or semiannual report to shareholders would be considered transmitted if conditions relating to the following are satisfied: (1) availability of the report and other materials, (2) shareholder consent, (3) notice to shareholders, and (4) delivery of materials upon request of the shareholder.

i. Availability of the Report

The report must be publicly accessible, free of charge and at a specified website as of the date of transmission in order to satisfy the requirements. Funds also would be required to post on their websites shareholder reports transmitted within the last 244 days and complete portfolio holdings for the most recent first and third fiscal quarters. A fund also would be required to post its portfolio holdings as of the end of the next fiscal quarter within 60 days of the closing of that period.¹⁸

To ensure accessibility of the report, the following conditions would also apply: (1) the website on which the report is accessed cannot be the SEC’s site for electronic filing, and (2) the materials must be presented in a format convenient for reading online and printing on paper, and the recipient must be able to permanently retain an electronic copy free of charge. Proposed Rule 30e-3 includes a safe harbor for temporary noncompliance with the posting requirements.

ii. Shareholder Consent

Funds relying on proposed Rule 30e-3 would be required to obtain shareholder consent from each shareholder in order to transmit reports electronically to such shareholder by means of website posting. A fund may rely on proposed Rule 30e-3 if it either has previously obtained consent from a particular shareholder or if the fund has determined it has received implied consent under certain conditions detailed in proposed Rule 30e-3.

¹⁸These portfolio holdings disclosure requirements would not apply to money market funds and SBICs.

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Registrants offering multiple series to the same shareholder would be required to obtain separate consents for each series.

iii. Notice

Funds relying on proposed Rule 30e-3 would be required to send a notice to a shareholder who has consented within 60 days of the close of the period to which the report relates. The notice would be required to include certain information and be formatted in accordance with details proscribed in proposed Rule 30e-3, including a statement regarding the availability of the report, the website on which it may be accessed, instructions on how to request a paper copy and a toll-free telephone number and reply form that the shareholder may use to notify the fund they wish to receive printed reports.

iv. Delivery Upon Request

A fund relying on proposed Rule 30e-3 must send, within three days of receiving a request from a shareholder, a paper copy of any of the materials discussed above at no cost to the requestor.

v. Limitation on Use of Summary Schedule of Investments

Funds relying on proposed Rule 30e-3 would not be permitted to rely on Rule 12-12C of Regulation S-X that otherwise permits funds to provide a summary schedule of portfolio investments in lieu of providing a complete schedule.

vi. Summary Prospectus Disclosure

The proposal would amend Rule 498 under the Securities Act of 1933 to require funds relying on proposed Rule 30e-3 to include the web address required in the notice, discussed above, on the cover page of the fund's summary prospectus.

D. New Form N-CEN and Rescission of Form N-SAR

Proposed Form N-CEN would replace Form N-SAR, which requires reporting by investment companies and unit investment trusts of certain census-type information on a semiannual basis.¹⁹ Form N-CEN instead would be required to be filed annually by all registered investment companies, except face amount certificate companies, within 60 days after the end of the fund's fiscal year. Form N-CEN would gather similar census information, currently reported on Form N-SAR, about the fund industry, and funds would complete the applicable sections of Form N-CEN depending upon the type of registrant. Unlike Form N-SAR, series companies would be required to file separate Form

N-CENs for each series. Form N-CEN would be filed in XML structured data format.

i. Information Required on Form N-CEN

Part A. Part A of Form N-CEN would be completed by all funds and would collect general information about the reporting period covered by the report.

Part B. Part B of Form N-CEN would be completed by all funds and would require background and other identifying information about the fund and certain other disclosures, such as:

- Investment Company Act filing number, Central Index Key (the "CIK") number, LEI, contact information and location of the fund's books and records;
- whether the fund is part of a "family of investment companies";²⁰
- classification of the fund (*e.g.*, open-end fund, closed-end fund), whether the fund issues securities registered under the Securities Act;
- in the case of management companies, certain information about directors, including if they are an "interested person" as defined under the Investment Company Act;
- certain information about the fund's chief compliance officer, if any, including contact information;
- matters submitted to a vote of security holders and certain information on legal proceedings during the period;
- certain information regarding claims filed under the company's fidelity bond and certain details regarding the company's errors and omissions insurance policy;
- whether the fund received financial support from an affiliated entity;
- whether the fund relied on exemptive orders from the SEC, and if so, the release number;
- identifying information for the fund's principal underwriters, independent public accountants and if the accountant has changed a detailed narrative;
- information regarding accounting and valuation issues such as material changes in the method of valuation, changes in accounting principles and practices, a copy of the independent public accountant's report on internal controls and disclosure of any material weaknesses found;

¹⁹See Rules 30a-1 and 30b1-1 under the Investment Company Act [17 CFR 270.30a-1 and 17 CFR 270.30b1-1].

²⁰"Family of investment companies" is defined as two or more registered investment companies that (1) share the same investment adviser or principal underwriter, and (2) hold themselves out to investors as related companies for purposes of investment and investor services.

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- any payments made to shareholders or reprocessing of shareholder accounts as a result of a net asset value error by an open-end fund; and
- for management companies, information on payments of dividends or distributions that required a written statement pursuant to Section 19(a) of the Investment Company Act.

Part C – Management Investment Companies. Part C of Form N-CEN would be completed by management investment companies (other than SBICs).

- **Background and Classification of Funds.** General identifying information including for any series as well as specific information on each share class of open-end funds. Proposed Form N-CEN would require identification of the type of fund and, depending on the type of fund, would require the fund to provide further information.
- **Investments in Certain Foreign Corporations.** Disclosure of investments in controlled foreign corporations for the purpose of investing in certain types of instruments, such as commodities, and identifying information of the foreign corporation.
- **Securities Lending.** Information about fees associated with securities lending activities, relationships with certain securities-lending-related service providers and certain other information regarding securities lending activities.
- **Reliance on Certain Rules.** Disclosure regarding whether the fund has relied on certain rules under the Investment Company Act. The new form would require disclosure of reliance on a broader set of rules than is currently reported on Form N-SAR.
- **Expense Limitations.** Additional disclosure regarding expense limitations, specifically whether expense limitations were in place, whether expenses were modifying pursuant to the limitation(s), whether the waived fees are subject to recoupment and whether any waived expenses were recouped during the reporting period.
- **Service Providers.** Certain identifying information on service providers as well as whether the service provider was hired or terminated during the reporting period and whether it is an affiliate of the fund or its adviser(s). Proposed Form N-CEN also would require identifying information on persons providing pricing service information; the top 10 entities receiving brokerage commissions from the management company; and with which entities the management company did the largest dollar amount of principal transactions. Finally, the form also would require disclosure of commissions paid to broker-dealers for “brokerage and research services” within the meaning of Section 28(e) of the Securities Exchange Act of 1934.

Part D – Closed-End Management Companies and SBICs. Part D of Form N-CEN would be completed by closed-end management companies and SBICs and would ask for:

- certain information on the securities that have been issued, including type of security;
- information relating to rights offerings and secondary offering;
- information on repurchases of its securities;
- yes/no responses to questions relating to default on long-term debt and dividends in arrears;
- detailed descriptions of any modifications to the constituent’s instruments defining the rights of holders;
- certain other attachments including material amendments to organizational documents, new or amended investment advisory contracts and information required by Item 405 of Regulation S-K;
- certain census-type information relating to management fees and net annual operating expenses as a percentage of assets; and
- information regarding an SBIC’s investment advisers, transfer agents and custodians.

Part E – Exchange-Traded Funds and Exchange-Traded Managed Funds. Part D would be completed by exchange-traded funds (“ETFs”) and exchange-traded managed funds in addition to either Part C (for open-end funds) or Part F (for unit investment trusts), depending upon which type the ETF is registered as under the Investment Company Act. Currently, ETFs do not report more specialized information on Form N-SAR. Part D of Form N-CEN would require reporting of information in the following areas:

- **Authorized Participants.** The name of each authorized participant and certain other identifying information, the dollar value of the ETF’s shares that the authorized participant purchased from the ETF during the reporting period and the dollar value of the ETF’s shares that the authorized participant redeemed during the reporting period; and
- **ETF Creation Units.** Total value of (1) creation units that were purchased by authorized participants primarily in exchange for portfolio securities on an in-kind basis, (2) those that were redeemed primarily on an in-kind basis, (3) those purchased by authorized participants primarily in exchange for cash, and (4) those that were redeemed primarily on a cash basis. In addition, ETFs would report applicable transaction fees, the number of ETF shares required to form a creation unit and the exchange on which the ETF is listed. Part E also would require information regarding tracking difference and tracking error.

Part F – Unit Investment Trusts. Part F would require unit investment trusts (“UITs”) to report certain identifying information regarding service providers and entities involved in the formation and governance of UITs and whether a UIT is a separate account of an insurance company.

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- UITs that are not separate accounts would report certain information regarding series, including (1) the number of series existing with registered securities, (2) the number of new series with registered securities and total value of portfolio securities, (3) the number of series with current prospectus, (4) the number of existing series, and total value, with newly registered units, and (5) total assets of all series combined as of the reporting period.
- UITs that are separate accounts of an insurance company would report certain census-type identifying information including name of the security, total assets attributable to the security, number of contracts sold and certain other details.
- UITs also would be required to report certain information relating to divestments under Section 13(c) of the Investment Company Act.

Part G – Attachments. Proposed Form N-CEN would add to the attachments required to be reported by all reporting funds an attachment relating to the provision of financial support. In addition, reporting funds also would file attachments relating to (1) legal proceedings, (2) changes in the fund’s independent public accountant, (3) independent public accountant’s report on internal control, (4) changes in accounting principles and practices, and (5) where applicable, attachments relating to information required to be filed pursuant to exemptive orders and other information required to be included pursuant to SEC rules and regulations. Closed-end funds and SBICs also would be required to file attachments relating to (1) material amendments to organizational documents, (2) instruments defining the rights of the holders of any new or amended class of securities, (3) new or amended investment advisory contracts, (4) information called for by Item 405 of Regulation S-K, and (5) for SBICs only, senior officer codes of ethics.

E. Items Required by Form N-SAR that would Be Eliminated by Form N-CEN

Certain information currently collected on Form N-SAR would be eliminated from the reporting requirements of Form N-CEN where the information is reported elsewhere, such as items relating to fees and expenses, including front-end and deferred/contingent sales loads, redemption and account maintenance fees, Rule 12b-1 fees and advisory fees.²¹

F. Compliance Dates

The SEC has proposed tiered compliance dates for Form N-PORT, depending on asset size,²² of at least 18 months for the largest entities after the effective date of the new rules. For Form N-CEN, the SEC has proposed a compliance date of 18 months after the effective date of the new rules. Funds wishing to rely on proposed Rule 30e-3 would be able to do so immediately after the effective date. The proposed compliance date for Regulation S-X would be eight months after the effective date.

Public comments should be submitted to the SEC on or before August 11, 2015.

²¹ A full list of eliminated items is available in Figure 1 on pages 247-256 of the Investment Company Release.

²² Measured by reference to all investment companies in the same group of related investment companies (as defined in Rule 0-10 under the Investment Company Act).