



SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0530]

Agency Information Collection Activities; Submission for OMB Review; Comment

Request; Extension: Rule 32a-4

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below.

Section 32(a)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-31(a)(2)) (“Act”) requires that the selection of a registered management investment company’s or registered face-amount certificate company’s (collectively, “funds”) independent public accountant be submitted to shareholders for ratification or rejection. Rule 32a-4 under the Investment Company Act (17 CFR 270.32a-4) (“rule”) exempts a fund from this requirement if, among other things, the fund has an audit committee consisting entirely of independent directors. The rule permits continuing oversight of a fund’s accounting and auditing processes by an independent audit committee in place of a shareholder vote.

Among other things, to rely on rule 32a-4, a fund’s board of directors must adopt an audit committee charter and must preserve that charter, and any modifications to the charter, permanently in an easily accessible place. The purpose of these conditions is to ensure that Commission staff will be able to monitor the duties and responsibilities of an audit committee of a fund relying on the rule.

Commission staff estimates that on average the board of directors takes 15 minutes to adopt the audit committee charter. Commission staff has estimated that with an average of 9

directors on the board,¹ total director time to adopt the charter is 2.25 hours. Combined with an estimated ½ hour of paralegal time to prepare the charter for board review, the staff estimates a total one-time collection of information burden of 2.75 hours for each fund. Once a board adopts an audit committee charter, the charter is preserved as part of the fund’s records. Commission staff estimates that there is no annual hourly burden associated with preserving the charter in accordance with this rule.²

Because virtually all existing funds have now adopted audit committee charters, the annual one-time collection of information burden associated with adopting audit committee charters is limited to the burden incurred by newly established funds. Commission staff estimates that fund sponsors establish approximately 88 new funds each year,³ and that all of these funds will adopt an audit committee charter in order to rely on rule 32a-4. Thus, Commission staff estimates that the annual one-time hour burden associated with adopting an audit committee charter under rule 32a-4 is approximately 242 hours.⁴

When funds adopt an audit committee charter to rely on rule 32a-4, they also may incur one-time costs related to hiring outside counsel to prepare the charter. Commission staff estimates that those costs average approximately \$2,086 per fund.⁵ As noted above, Commission staff estimates that approximately 88 new funds each year will adopt an audit committee charter in order to rely on rule 32a-4. Thus, Commission staff estimates that the ongoing annual cost

¹ This estimate is based on staff experience and on discussions with a representative of an entity that surveys funds and calculates fund board statistics based on responses to its surveys.

² This estimate is based on staff experience and discussions with funds regarding the hour burden related to maintenance of the charter.

³ This estimate is based on the average annual number of notifications of registration on Form N-8A filed from 2022 to 2024.

⁴ This estimate is based on the following calculation: (2.75 burden hours for establishing charter × 88 new funds = 242 burden hours).

⁵ Costs may vary based on the individual needs of each fund; however, based on the staff’s experience and conversations with outside counsel that prepare these charters, legal fees related to the preparation and adoption of an audit committee charter usually average \$2,086 or less; the Commission also understands that model audit committee charters are available, which reduces the costs associated with drafting a charter.

burden associated with rule 32a-4 in the future will be approximately \$183,568.⁶

The estimates of average burden hours and costs are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms. The collections of information required by rule 32a-4 are necessary to obtain the benefits of the rule. The Commission is seeking OMB approval, because an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

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The public may view and comment on this information collection request at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202512-3235-008 or email comment to MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov within 30 days of the day after publication of this notice, by **[INSERT DATE 31 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

Dated: February 10, 2026.

Sherry R. Haywood,

Assistant Secretary.

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⁶ This estimate is based on the following calculations: (\$2,086 cost of adopting charter × 88 newly established funds = \$183,568).