

MEMO# 33503

April 26, 2021

SEC Staff Updates Fund Reporting FAQs to Address the Computation of Certain Securities Lending Information on Form N-CEN

[33503]

April 27, 2021

TO: ICI Members SUBJECTS: Compliance
Disclosure

Fund Accounting & Financial Reporting RE: SEC Staff Updates Fund Reporting FAQs to Address the Computation of Certain Securities Lending Information on Form N-CEN

The Division of Investment Management of the Securities and Exchange Commission recently updated its frequently asked questions and answers document ("Updated FAQs") on the SEC's fund reporting rules.[\[1\]](#) The Updated FAQs add a question and response (Form N-CEN, Question 7) describing how funds can compute the "monthly average of the value of portfolio securities on loan" and the "monthly average net assets during the reporting period" on Form N-CEN.[\[2\]](#) The staff response notes that a range of calculation methodologies for the items could provide a reasonable representation of the fund's activities and provides examples of three acceptable methods for computing the information.[\[3\]](#)

In addition, the staff added a statement clarifying that, like all staff guidance, the Updated FAQs have no legal force or effect, do not alter or amend applicable law, and create no new or additional obligations for any person.

The SEC has posted a marked version of the document showing changes to the most recent previous update.[\[4\]](#)

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endnotes

[1] See Investment Company Reporting Modernization Frequently Asked Questions (April 21, 2021), *available at* www.sec.gov/investment/investment-company-reporting-modernization-faq.

[2] See Items C.6.f and C.19.a, respectively, of Form N-CEN.

[3] In particular, the staff offers the following three methods and notes that there could be other reasonable methods for computing the information:

1. First, for each month during the reporting period, take the sum of the value of securities on loan, or net assets, for each day during the month and divide by the number of days in the month. Then, take the sum of each of these monthly values during the reporting period and divide by the number of months in the reporting period;
2. Take the sum of the value of securities on loan, or net assets, at the end of each month and divide that sum by the number of months in the reporting period; or
3. Take the sum of the values of securities on loan, or net assets, as of the first day of the reporting period and the last day of each month in the period and divide that sum by the number of months in the reporting period plus one.

The staff states on days when no securities are on loan, a value of zero would be included in the numerator of the average calculation and would also increase the number of observations in the denominator of the average calculation.

[4] See Updated FAQs (Marked), *available at* www.sec.gov/divisions/investment/guidance/ic-reporting-modernization-faqs-markup-v5.pdf.