

**SUPPORTING STATEMENT
For Rule 22d-1**

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 22(d) of the Investment Company Act of 1940 (the "Act") (15 U.S.C. 80a-22(d)) generally prohibits the sale of redeemable securities of a registered investment company ("fund") except at a current public offering price described in the prospectus. Rule 22d-1 provides an exemption from section 22(d) to the extent necessary to permit scheduled variations in or elimination of the sales load on fund securities for particular classes of investors or transactions, provided certain conditions are met. These conditions require that (1) the scheduled variation be applied uniformly to all offerees in the specified class; (2) existing shareholders and prospective investors be furnished adequate information concerning the scheduled variation, as prescribed in applicable registration statement form requirements; (3) the fund's prospectus and statement of additional information are revised to describe the new scheduled variation before any new sales load variation is made available to purchasers of fund shares; and (4) within one year of first making the scheduled variation available, existing shareholders are advised of any new sales load variation (items (2) through (4), collectively, "notice requirements"). The notice requirements of rule 22d-1 are designed to ensure that all existing and prospective investors that may be eligible for a reduction or elimination of the sales load receive timely notice about it.

2. Purpose of the Information Collection

Without the notice requirements, fund investors might be unaware about changes in the fund's sales load arrangements that are important to making informed investment decisions.

3. Role of Improved Information Technology

The Commission's electronic filing project (Electronic Data Gathering, Analysis and Retrieval System, or "EDGAR") is designed to automate the filing, processing and dissemination of full disclosure filings. The system permits publicly held companies to transmit their filings to the Commission electronically. Such automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets. Fund registration statements, and any updates to the registration statement, in which funds that offer scheduled variations in sales loads provide the information required by the notice requirements of rule 22d-1, are filed electronically.

4. Efforts to Identify Duplication

The notice requirements are consistent with the disclosure requirements of fund registration statements and post-effective amendments, but do not require duplicative information. The information required by the notice requirements is not otherwise available.

5. Effect on Small Entities

The Commission does not believe that compliance with rule 22d-1 is unduly burdensome for large or small entities. Rule 22d-1 may be relied upon by any fund, including a fund that is a small entity, that wishes to offer a scheduled variation in or eliminate the sales load on its shares for a particular class of investors or transactions. The notice requirements of the rule are designed to provide all investors with information necessary to make informed investment decisions.

6. Consequences of Less Frequent Collection

The notice requirements apply only when a new scheduled variation in a sales load is offered and therefore cannot be applied less frequently.

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

Not applicable.

8. Consultation Outside the Agency

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 the 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 22d-1 before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Not applicable.

11. Sensitive Questions

Not applicable.

12. Estimate of Hour Burden

Approximately 9470 series of funds currently issue redeemable securities that carry a sales load.¹ Each year as many as 50% of these series may choose to offer a scheduled variation in or elimination of the sales load in reliance on the rule.² Thus, it is estimated that approximately 4735 series may become subject to the rule annually. Under the notice requirements, each of these funds would have to add approximately one line of text in its prospectus, requiring an estimated 0.25 burden hours. The total annual estimated burden, therefore, would be 1184 hours.

Compliance with the notice requirements may involve the services of attorneys or other professionals. At \$270 per hour, the total annual estimated cost of the hourly burden for all funds relying on the rule would be \$319,680.³

The estimate of average burden hours is made solely for purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of the

¹ Approximately 3440 series of approximately 834 registered open-end investment companies reported that they sold securities subject to a front-end sales load during their most recent reporting period. In addition, there are an estimated 69 non-insurance Unit Investment Trusts with approximately 6030 series that currently offer securities with a front-end sales load. Accordingly, a total of approximately 9470 series currently issue redeemable securities subject to a front-end sales load.

² The estimated 50 percent excludes those funds currently offering variations in the sales load because their estimated hourly burden is accounted for in their registration statements.

³ The hourly wage for a compliance attorney is from SIFMA's Management & Professional Earnings in the Securities Industry 2007, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

rule.

13. Estimate of Total Annual Cost Burden

It is estimated that there is no cost burden of rule 22d-1, excluding any cost of the burden identified in Item 12 of this Supporting Statement.

14. Estimate of Cost to the Federal Government

The estimated annual cost to the federal government of reviewing the disclosure provided pursuant to the notice requirements is included in the estimated costs of reviewing updates to fund registration statements on Form N-1A and S-6, and is an insignificant portion of those costs.

15. Explanation of Changes in Burden

The decrease in burden hours for rule 22d-1 is attributable to a decrease in the estimated number of respondents from 5015 to 4735. The decrease in the estimated number of respondents is the result of an adjustment in the estimated number of funds that currently issue redeemable securities that carry a sales load.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to not Display Expiration Date

Not applicable.

18. Exceptions to Certification Statement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL

METHODS

Not applicable.