

**SUPPORTING STATEMENT**  
**For the Paperwork Reduction Act Information Collection Submission for**  
**Form 24F-2**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Section 24(f) of the Investment Company Act of 1940 (“Investment Company Act” or “Act”) [15 U.S.C. 80a-24(f)] relates to the registration of securities of open-end investment companies (“mutual funds”), unit investment trusts (“UITs”) and face-amount certificate companies (collectively, “funds”) under the Securities Act of 1933 (“Securities Act”) [15 U.S.C. 77a]. Specifically, section 24(f) provides that a fund will be deemed to have registered an indefinite amount of securities upon the effective date of its registration statement under the Securities Act. The fund thereafter must pay a fee to the Commission within 90 days after the end of its fiscal year based upon the aggregate sale price of the fund securities sold during that fiscal year pursuant to a registration of an indefinite number of securities (including securities issued pursuant to a dividend reinvestment plan) reduced by (i) the aggregate redemption or repurchase price of the securities during that year and (ii) the aggregate redemption or repurchase price of the securities sold during any prior fiscal year (ending on or after October 11, 1995) that were not used previously by the fund to reduce the registration fees payable under section 24. In addition, a fund that pays the required fee, or any portion thereof, more than 90 days after the end of the fiscal year must pay to the Commission interest on unpaid amounts.

Form 24F-2 provides a standardized format for funds' annual registration fee filings. Form 24F-2 specifically contains items that address redemptions from a fund's prior fiscal years that could be used to reduce registration fees in the fiscal year for which the Form is

filed, and also reflects the requirement that a fund pay interest when the registration fee is paid late.

## **2. Purpose and Use of the Information Collection**

Form 24F-2 is designed to assist funds in making their annual registration fee filings. The Commission and funds' experience since Form 24F-2 was adopted suggests that the Form has been beneficial for funds and reduced errors in registration fee calculations. Use of the Form also has improved the Commission's ability to process funds' registration fee filings.

## **3. Consideration Given to 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. This automation provides for the increased speed, accuracy and availability of information, generating benefits to investors and financial markets. Form 24F-2 is required to be filed with the Commission electronically on EDGAR.

## **4. Duplication**

Form 24F-2 does not impose any duplicative requirements, and the information collected through the Form is not available elsewhere.

## **5. Effect on Small Entities**

The requirements of Form 24F-2 apply to all funds, including those that are small entities. Funds must complete Form 24F-2 on an annual basis. The Commission does not believe that complying with the requirements of Form 24F-2 is unduly burdensome, particularly because amendments adopted in 1997 served to simplify the Form and reduce

burdens associated with completing the Form.

**6. Consequences of Not Conducting Collection**

Section 24(f) of the Act requires funds to pay their registration fees annually. Form 24F-2, therefore, is required to be filed annually. In the past, the Commission considered not having a standardized form to accompany the funds' annual registration fee filings. Based on the Commission's experience prior to the adoption of Form 24F-2, and the comments received when Form 24F-2 was proposed, however, the Commission believes that Form 24F-2 has been beneficial for funds and the Commission. Form 24F-2 has made it easier for funds to calculate registration fees and reduced errors in fee calculations.

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

Not applicable.

**8. Consultations Outside the Agency**

The Commission requested public comment on the collection of information requirements in Form 24F-2 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**

Not applicable.

**10. Confidentiality**

Not applicable.

**11. Sensitive Questions**

The information collection collects basic personally identifiable information (PII) that may include a name and job title. However, the agency has determined that the

information collection does not constitute a system of records for purposes of the Privacy Act because information is not retrieved by a personal identifier. In accordance with Section 208 of the E-Government Act of 2002, the agency has conducted a Privacy Impact Assessment (PIA) of the EDGAR system, in connection with this collection of information. The EDGAR PIA, published on 1/29/2016, is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

## **12. Burden of Information Collection**

The estimated average burden hours are made solely for the purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even representative survey or study of the Commission rules and forms.

Commission staff estimate that approximately 7,284 respondents file Form 24F-2 annually.<sup>1</sup> The estimated annual burden per respondent of filing Form 24F-2 is two hours of clerical time, with an estimated total annual burden for all respondents of 14,568 hours. At \$66.00 per hour,<sup>2</sup> the annual cost per respondent of this burden is estimated at \$132.00, and the total annual cost for all respondents is \$961,488.<sup>3</sup>

## **13. Cost to Respondents**

The Commission does not believe that there are any burdens associated with Form

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<sup>1</sup> This estimate is based on the average number of Form 24F-2 filings made with the Commission in the prior three-year period.

<sup>2</sup> The hourly wage figure for a compliance clerk is from Securities Industry and Financial Markets Association's Office Salaries in the Securities Industry 2013, modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.

<sup>3</sup> This estimate is based on the following calculation:  $7,284 \times \$132 = \$961,488$ . The information required to be provided on the Form – the number of securities sold and redeemed and a worksheet for calculating the amount of the registration fee due – is readily available from records kept by a fund in the course of its regular business.

24F-2 other than the burdens discussed in Item 12 of this Supporting Statement.

**14. Cost to the Federal Government**

The annual operational cost of reviewing and processing new registration statements, post-effective amendments, proxy reports and other filings relating to registration amounted to approximately \$22,9000,000 in fiscal year 2016, based on the Commission's computation of the value of staff time devoted to this activity. However, with respect to Form 24F-2 specifically, the costs associated with processing the Form are *de minimus*, given that the process is automated.

**15. Changes in Burden**

The increase in burden hours from 13,892 to 14,568 (an increase of 676 hours) is attributable to an increase in the number of investment companies filing Form 24F-2 (from 6946 to 7,284).

**16. Information Collections Planned for Statistical Purposes**

Not applicable.

**17. Approval to Omit OMB Expiration Date**

We request authorization to omit the expiration date on the electronic version of the form, although the OMB control number will be displayed. Including the expiration date on the electronic version of this form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates.

**18. Exceptions to Certification Statement for Paperwork Reduction Act**

**Submission**

Not applicable.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.