

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”) [15 U.S.C. 80a-1 et seq.] relates to the registration of securities of open-end investment companies, unit investment trusts (“UITs”), and face-amount certificate companies (collectively, “funds”) under the Securities Act of 1933 (“Securities Act”) [15 U.S.C. 77a et seq.]. Specifically, section 24(f) [15 U.S.C. 80a-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.

On April 8, 2020, the Commission issued a release adopting rules that will modify the registration, communications, and offering processes for business development companies and other closed-end investment companies under the Securities Act.¹

In particular, the Commission amended rules 23c-3 and 24f-2 to require registered closed-end investment companies that make periodic repurchase offers under rule 23c-3 under the Investment Company Act [17 CFR 270.23c-3] (“interval funds”) to pay registration fees on an annual basis using Form 24F-2. The

¹ Securities Offering Reform for Closed-End Investment Companies, Investment Company Act Release No. 33836 (Apr. 8, 2020) (“Adopting Release”).

amendments also require all funds that submit reports on Form 24F-2 (interval funds, as well as all current Form 24F-2 filers (*e.g.*, open-end funds, UITs, and face-amount certificate companies)) to do so using an XML structured data format.

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 Data Gathering, Analysis, and Retrieval system (or "EDGAR") provides for automated filing, processing, and dissemination of full disclosure filings. This automation has increased the 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. Efforts to Identify Duplication

The Commission periodically evaluates rule- and form-based reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposed a rule or form, or a change in either. Form 24F-2 does not require duplicative reporting or recordkeeping.

5. Effect on Small Entities

The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses. Form 24F-2 is designed to assist funds, including small entities, in making their annual registration fee filings. The form does not distinguish between small entities and other funds. The Commission believes, however, that imposing different requirements on smaller funds would not be consistent with the purposes of the requirements.

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)

This collection is not inconsistent with 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

Before adopting the amendments affecting Form 24F-2, the Commission solicited and evaluated public comments on the proposal and its collection of information requirements. Specifically, the public was given the opportunity to comment on the Commission's estimates for the burdens of Form 24F-2 as proposed and as compared to the existing approved burden inventory in the Proposing and Adopting Releases for the amendments.² The Commission received no comments in response to its request.

Moreover, 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 staff with a means of ascertaining and acting upon paperwork burdens confronting the industry.

9. Payment or Gift

No payment or gift to respondents was provided.

10. Assurance of Confidentiality

No assurance of confidentiality was provided.

11. Sensitive Questions

No information of a sensitive nature, including social security numbers, will be required under this collection of information. The information collection collects basic Personally Identifiable Information (PII) that may include name, job title, and work address. However, the agency has determined that the information collection does not constitute a system of record for purposes of the Privacy Act. 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 February 5, 2020 is provided as a supplemental document and is also available at <https://www.sec.gov/privacy>.

12. Burden of Information Collection

The following estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act of 1995 [44 U.S.C. 3501 *et seq.*] ("PRA"),

² See Adopting Release, *supra* footnote 1, at section IV.B.6; Securities Offering Reform for Closed-End Investment Companies, Investment Company Act Release No. 33427 (Mar. 20, 2019) [84 FR 14448 (Apr. 10, 2019)] ("Proposing Release"), at section IV.B.7.

and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with Form 24F-2 is mandatory. Responses to the disclosure requirements will not be kept confidential.

TABLE 1: BURDEN ESTIMATES FOR FORM 24F-2

	Internal Burden		Wage Rate ³	Cost of Internal Burden	Annual Cost Burden
CURRENTLY-APPROVED ESTIMATES⁴					
Clerical work to file Form 24F-2	2 hours	×	\$66 (compliance clerk)	\$132	\$0
Number of annual responses	×	7,284		×	7,284
Total annual burden	14,568 hours			\$961,488	\$0
PROPOSED ESTIMATES⁵					
Clerical work to file Form 24F-2	2 hours	×	\$67 (compliance clerk)	\$134	\$0
Submission in a structured data format	2 hours	×	\$261 (programmer)	\$522	\$0
Total annual burden per response	4 hours			\$656	\$0
Number of annual responses	×	6,177		×	6,177
Total annual burden	24,708 hours			\$4,052,112	\$0
FINAL REVISED ESTIMATES⁶					
Clerical work to file Form 24F-2	2 hours	×	\$70 (compliance clerk)	\$140	\$0
Submission in a structured data format	2 hours	×	\$271 (programmer) ⁴	\$542	\$0
Total annual burden per response	4 hours			\$682	\$0
Number of annual responses	×	6,794 ⁴		×	6,794 ⁴
Total annual burden	27,176 hours			\$4,633,508	\$0

Table 1 above summarizes the currently-approved PRA estimates, the proposed PRA estimates, and the final revised estimates associated with the requirement to file reports on Form 24F-2 annually. The revised annual internal hour burden per fund to file Form 24F-2 includes two hours of clerical time, as currently estimated, plus two hours of a programmer’s time due to the new requirement to submit filings on Form 24F-2 in a structured data format. We estimate that 53 interval funds will begin filing reports on Form 24-2 as a result of the amendments, in addition to the current filers. As reflected above, we estimate that the total annual hour burden to file reports on Form 24F-2 as a result of the amendments will be about 27,176 hours, at a corresponding internal cost of about \$4.6 million.

³ Derived from SIFMA’s Management & Professional Earnings in the Securities Industry 2013 (modified to account for a 1,800-hour work year; multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead, and adjusted for inflation).

⁴ This estimate was previously submitted to OMB in connection with the renewal of approval for the collection of information required by Form 24F-2 in 2018.

⁵ Securities Offering Reform for Closed-End Investment Companies, Investment Company Act Release No. 33427 (Mar. 20, 2019) [84 FR 14448 (Apr. 10, 2019)] (“Proposing Release”).

⁶ Estimate revised to reflect updated data. Based on a review of Form 24F-2 filings for the period 2017-2019, the staff estimates that 6,741 filings will be made annually, and that 53 interval funds (representing the 3-year average of interval funds registered with the Commission) will file Form 24F-2 as a result of the final amendments (6,741 + 53 = 6,794).

13. Cost to Respondent

As summarized in Table 1 above, the Commission does not believe that there are any burdens associated with Form 24F-2 other than the burdens discussed in Item 12 of this Supporting Statement.

14. Cost to the Federal Government

The annual cost of reviewing and processing disclosure documents, including new registration statements, post-effective amendments, proxy reports, shareholder reports, and other filings of investment companies amounted to approximately \$21.2 million in fiscal year 2019, based on the Commission's computation of the value of staff time devoted to this activity and related overhead. However, with respect to Form 24F-2 specifically, the costs associated with processing the Form are *de minimis*, given that the process is automated.

15. Changes in Burden

TABLE 2: CHANGE IN BURDEN ESTIMATES

	Annual Number of Responses			Annual Time Burden (hours)			Cost Burden (dollars)		
	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change	Currently Approved	Revised Estimate	Change
Form 24F-2	7,284	6,794	- 490	14,568	27,176	+ 12,608	\$0	\$0	\$0

As summarized in Table 2 above, the estimated annual burden hours for Form 24F-2 has increased from 14,568 to 27,176 hours (an increase of 12,608 hours). This is due to an increase in the number of hours required to file reports on Form 24F-2 as a result of the new structured data format requirement. We do not estimate a change in cost burden.

16. Information Collection Planned for Statistical Purposes

The results of any information collected will not be published.

17. Approval to Omit Expiration Date

We request authorization to omit the expiration date on the electronic version of the form for design and IT project scheduling reasons. The OMB control number will be displayed.

18. Exceptions to Certification Statement for Paperwork Reduction Act Submission

The Commission is not seeking an exception to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of information will not employ statistical methods.