

**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”), 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”), 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. Funds submit reports on Form 24F-2 in an XML structured data format. Compliance with Form 24F-2 is mandatory. Responses to this form are not kept confidential.

On September 29, 2023, the Securities and Exchange Commission (the “Commission”) proposed rule and form amendments that would, among other things, require insurance companies to register registered index-linked annuities (“RILAs”) on Form N-4, the form currently applicable to most variable annuities, instead of on Forms S-1 and S-3 as currently required.<sup>1</sup> To accommodate RILA registrations on Form N-4, the Commission proposed to require insurance companies to pay securities registration fees relating to RILA offerings using the same method used for variable annuities. Currently, insurance companies, like most issuers, register a specific amount of securities when registering RILAs and are required to pay a registration fee for those securities to the Commission at the time of filing a registration statement on Form S-1 or S-3. Under the proposal, issuers registering the offerings of RILAs on amended Form N-4 would be deemed to be registering an indeterminate amount of securities upon effectiveness of the registration statement. These issuers would then be required to pay registration fees

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<sup>1</sup> See *Registration for Index-Linked Annuities; Amendments to Form N-4 for Index-Linked and Variable Annuities*, Investment Company Act Release No. 35028 (Sept. 29, 2023) [88 FR 71088 (Oct. 13, 2023)], available at <https://www.sec.gov/files/rules/proposed/2023/33-11250.pdf>.

annually based on their net sales of these securities, no later than 90 days after the issuer's fiscal year ends, on Form 24F-2, which is used by registered separate accounts to pay securities registration fees relating to variable annuities. The proposed amendments to Form 24F-2 would specify when issuers can take credits for RILA redemptions that pre-date their use of that form and when expiring annuity contracts are rolled over into a new crediting period, as well as other non-substantive and conforming amendments.

## **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.

The proposed amendments to Form 24F-2 are designed to require insurance companies to use the same framework to pay securities registration fees for RILAs that they do for variable annuities. Insurance companies offer RILAs in a manner substantially similar to variable annuities and would similarly benefit from paying registration fees on an annual net basis and from registering offerings of an indeterminate number of securities. The proposed amendments would provide registration fee payment parity for an insurance company that may offer one or more related insurance products, including index-linked options offered as part of combination annuity contracts.

### **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. 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.

The proposed amendments to Form 24F-2 would not require duplicative reporting or recordkeeping. Under the proposal, instead of paying registration fees at effectiveness for registration statement filed on Form S-1 or S-3, a RILA issuer would, like registered separate accounts that file on Form N-4, pay fees annually on Form 24F-2 on the net sales of securities that year.

### **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.<sup>2</sup> The Commission believes, however, that imposing different requirements on smaller funds would not be consistent with the purposes of the requirements. Likewise, the proposed amendments to Form 24F-2 would not distinguish between small entities and other RILAs.<sup>3</sup> RILA issuers are not investment companies and based on a review of EDGAR filings of existing RILA issuers, we do not expect any RILA issuers will be treated as small entities.

## **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.

As with funds, requiring insurance companies to pay registration fees for

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<sup>2</sup> Generally, for purposes of the Investment Company Act and the Regulatory Flexibility Act, an investment company is a small entity if, together with other investment companies in the same group of related investment companies, it has net assets of \$50 million or less as of the end of its most recent fiscal year. *See* 17 CFR 270.0-10(a).

<sup>3</sup> Generally, for purposes of the Securities Act and the Regulatory Flexibility Act, an issuer, other than an investment company, will be considered a small entity if it has net assets of \$5 million or less as of the end of its most recent fiscal year, and the issuer's offering does not exceed \$5 million. *See* 17 CFR 230.157.

securities relating to RILA offerings on Form 24F-2 would be efficient for insurance companies. This approach would eliminate the risk that a RILA issuer may inadvertently oversell securities with respect to a registration statement on Form N-4, and the payment of fees on an annual net basis furthermore should lead to a reduction in overall filing fees relating to RILAs. Further, by requiring RILA and variable annuity offerings to use the same form and payment method, this process also would be efficient for the Commission. The proposed fee calculation method is also consistent with the continuous offering of RILAs to investors.

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

Not applicable.

**8. Consultations Outside the Agency**

The Commission issued a proposing release requesting public comment on the new “collection of information” requirements for the proposed amendments to Form 24F-2 before it submitted this request for revision and approval to the Office of Management and the associated paperwork burdens. Comments on Commission releases are generally received from registrants, investors, and other market participants. The Commission and staff of the Division of Investment Management also participate in an ongoing dialogue with representatives of the investment company industry and other market participants 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. The Commission’s solicitation of public comments

included estimating and requesting public comments on the burden estimates for all information collections under this OMB control number (*i.e.*, both changes associated with the rulemaking and other burden updates). All comments on the proposal are available at <https://www.sec.gov/comments/s7-16-23/s71623.htm>. The Commission will consider all comments received prior to publishing the final rules as required by 5 CFR 1320.11(f).

#### **9. Payment or Gift**

Not applicable.

#### **10. Confidentiality**

Not applicable.

#### **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 March 22, 2023, 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”) 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.

In our most recent Paperwork Reduction Act submission for Form 24F-2, we estimated for Form 24F-2 a total aggregate annual hour burden of 27,176 hours, and a total aggregate annual external cost burden of \$0.<sup>4</sup> The likely respondents to the proposed amendments would include RILA issuers and current Form 24F-2 filers, which include open-end investment companies, unit investment trusts, registered closed-end investment companies that make periodic repurchase offers under 17 CFR 270.23c-3, and face-amount certificate companies. We estimate that 90 RILA respondents would be subject to these proposed amendments and would file one Form 24F-2 filing each per year.<sup>5</sup>

The table below summarizes our PRA initial and ongoing annual burden estimates associated with the proposed amendments to Form 24F-2.

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<sup>4</sup> On May 14, 2021, the Office of Management and Budget approved this burden estimate.

<sup>5</sup> This estimate is based on a review of RILA registration statements filed with the Commission as of May 2023. We do not believe that the proposed amendments to Form 24F-2 will affect the estimated burdens associated with current Form 24F-2 filers. We have not amended the currently approved burdens for current Form 24F-2 filers with more recent data for the purposes of this PRA estimate.



**TABLE 1: BURDEN ESTIMATES FOR FORM 24F-2**

	Internal initial burden hours	Internal annual burden hours	Wage rate <sup>2</sup>	Internal time costs	Annual external cost burden
<b>PROPOSED ESTIMATES</b>					
Clerical work to file Form 24F-2	3	3 <sup>1</sup>	\$82 (compliance clerk)	\$246	\$0
Submission in a structured data format	3	3 <sup>1</sup>	\$316 (programmer)	\$948	\$0
<b>Total annual burden per response</b>		6	-	\$1,194	
<b>Number of annual responses<sup>3</sup></b>		x 90	-	x 90	X 90
<b>Total new annual burden</b>		540	-	\$107,460	\$0
<b>TOTAL ESTIMATED BURDENS INCLUDING AMENDMENTS</b>					
	Responses	Internal annual burden hours		Internal time costs	Annual external cost burden
Current aggregate annual burden	6,794	27,176	-	\$4,633,508	\$0
<b>Aggregate proposed additional annual burden estimates</b>	+90	+540		+\$107,460	+\$0
<b>Revised aggregate burden estimates</b>	=6,884	=27,716	-	=\$4,140,968	=\$0

**Notes:**

1. The proposed estimate includes the initial burden estimates annualized over a three-year period, plus 2 hours of ongoing annual burden hours.
2. The Commission's estimates of the relevant wage rates are based on the SIFMA Wage Report. The estimated wage figures are modified by Commission staff to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.
3. This estimate is based on a review of RILA registration statements filed with the Commission as of May 2023.

### 13. Cost to Respondent

As reflected in Table 1 above, the Commission does not believe that there are any external cost burdens associated with the proposed amendments to Form 24F-2.

### 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 \$29 million in fiscal year 2022, 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**

As reflected in Table 1 above, the estimated annual burden hours for Form 24F-2 are estimated to increase from 27,176 hours to 27,716 hours (an increase of 540 hours) as a result of the proposed amendments. This change would be due to an increase in the number of issuers that would file reports on Form 24F-2. We do not estimate a change in external cost burden. These changes in burden also reflect the Commission's revision and update of burden estimates for all information collections under this OMB control number (whether or not associated with rulemaking changes), and the Commission requested public comment on all information collection burden estimates for this OMB control number.

### **16. Information Collection Planned for Statistical Purposes**

Not applicable.

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

Not Applicable.

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

Not applicable.

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

Not applicable.