

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 is the annual notice of securities sold by certain funds that accompanies the payment of registration fees with respect to the securities sold during the fiscal year, net of securities redeemed or repurchased during the year. 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 requires 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.

In addition to funds, registered separate accounts also use Form 24F-2 to pay securities registration fees relating to variable annuities.¹ The Commission recently adopted rule and form amendments to provide a tailored form to register the offerings of registered index-linked annuities ("RILAs"). In the same rulemaking, the Commission also adopted amendments to extend the registration, filing, and disclosure approach for RILAs to annuity contracts that offer fixed investment options and apply market-value adjustments ("MVAs") to amounts withdrawn from a fixed option before the end of the fixed option's term, where the offering is required to be registered with the Commission because of the MVA ("registered MVA

¹ See Registration for Index-Linked Annuities and Registered Market Value Adjustment Annuities; Amendments to Form N-4 for Index-Linked Annuities, Registered Market Value Adjustment Annuities, and Variable Annuities; Other Technical Amendments, Investment Company Act Release No. 35273, at Section II.F.1 (July 1, 2024), available at <https://www.sec.gov/rules-regulations/2024/07/rila#33-11294final> ("Adopting Release").

annuities” and, collectively with RILAs, “non-variable annuities” or “non-variable annuity contracts”).² As part of these amendments, insurance companies will be required to pay applicable securities registration fees relating to non-variable annuities in arrears on Form 24F-2.³ Consistent with the other elements of this rulemaking, these amendments to Form 24F-2 are designed to require insurance companies to use the same framework to pay securities registration fees for non-variable annuities that they do for variable annuities.

2. Purpose and Use of the Information Collection

Form 24F-2 is designed to assist funds, as well as issuers of variable annuities, in making their annual registration fee filings. The experience of the Commission, funds, and issuers of variable annuities 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. Based on this experience, we believe that the use of this form will provide similar benefits regarding fee filings of issuers of non-variable annuities.

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

² See Adopting Release at Section II.B.

³ *Id.* at Section II.F.1.

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.

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, in part, 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 filing requirements. There are no small entities that issue non-variable annuities.

6. Consequences of Not Conducting Collection

Section 24(f) of the Act requires funds to pay their registration fees annually and, as a result, Form 24F-2 is required to be filed annually. Consistent with the final amendments, issuers of non-variable annuities will now also file Form 24F-2 on an

annual basis.⁴ 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, 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.- Given this experience, we expect that issuers of non-variable annuities will have similar experiences with this form.

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

Not applicable.

8. Consultations Outside the Agency

Before adopting the final amendments to 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 burden of Form 24F-2 as proposed and as compared to the existing approved burden inventory in the proposing release for the amendments.⁵ The Commission did not receive any comments regarding the PRA estimates for Form 24F-2. The Commission's solicitation of public comments

⁴ See Adopting Release at Section II.F.1.

⁵ 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) ("Proposing Release"), available at <https://www.sec.gov/files/rules/proposed/2023/33-11250.pdf>.

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). In addition, 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

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 addition to the funds that currently file on Form 24F-2, we estimate that there are 38 issuers of non-variable annuities that will be subject to final amendments and thus be newly subject to the collection of information. We estimate that these 38 non-variable annuity issuers will file one Form 24F-2 filing per year, which, accordingly, will increase the number of responses by 38. The table below summarizes our PRA initial and ongoing annual burden estimates associated with the final amendments to Form 24F-2.

FORM 24F-2 – PRA ESTIMATES

	Internal initial burden hours	Internal annual burden hours	Wage rate	Internal time costs	Annual external cost burden
FINAL ESTIMATES					
Clerical work to file Form 24F-2	3	3 ¹	\$82 (compliance clerk) ²	\$246	\$0
Submission in a structured data format	3	3 ¹	\$316 (programmer) ²	\$948	\$0
Total annual burden per response		6	-	\$1,194	
Number of annual responses³		x 38	-	x 38	
Total new annual burden		228	-	\$45,372	\$0
TOTAL ESTIMATED FINAL BURDENS INCLUDING AMENDMENTS					

	Responses	Internal annual burden hours		Internal time costs	Annual external cost burden
Current aggregate annual burden	5,116	20,464	-	\$4,072,336	\$0
Aggregate final additional annual burden estimates	+38	+228		+\$45,372	+\$0
Revised aggregate final burden estimates	=5,154	=20,692	-	=\$4,117,708	=\$0

Notes:

1. The estimate includes the initial burden estimates annualized over a three-year period (3 hours / 3 = 1 hour), 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 the number of insurance companies issuing non-variable annuities. See *supra* footnote **Error! Bookmark not defined.**. The proposal reflected an estimate of the number of RILAs, as opposed to the number of insurance companies issuing RILAs. We have updated this approach to better reflect the way that the burden for Form 24F-2 has historically been calculated.

The table above summarizes the currently approved PRA estimates and the revised estimates associated with the requirement to file Form 24F-2 annually. As reflected above, we estimate that the total annual hour burden to file Form 24F-2 is approximately 20,692 hours, at a corresponding internal cost of \$4,117,708.

13. Cost to Respondent

As reflected 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 \$33 million in fiscal year 2023, 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

The estimated annual burden hours for Form 24F-2 are estimated to decrease from 20,464 hours to 20,692 hours (an increase of 228 hours). This change is due to an estimated increase in the number of Form 24F-2 filings that will be received by the Commission as a result of the additional issuers that will be using the form due to

the final amendments. We do not estimate a change in the 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.