

require basic identifying information: The name and address of the fund; the class of shares or series to which the filing relates;²⁴ the Securities Act file number of the registration statement on which the shares are registered; and the last day of the fiscal-year for which the Rule 24f-2 Notice is filed.

Items 5 and 6 would be completed only if the fund fails to file its Rule 24f-2 Notice within 180 days after its fiscal year end. In such cases, the fund's declaration to register an indefinite number of shares is terminated on the next business day.²⁵ As under the current rule, such fund must file a separate Form 24F-2 with respect to sales of securities made pursuant to the declaration during (1) the fiscal year for which the notice was not timely filed, and (2) the period after the close of the fiscal year but before the declaration was terminated. Item 5 would require the fund to indicate whether the form is being filed for purposes of reporting securities sold after the close of the fiscal year but before termination of the fund's Rule 24f-2 declaration. The fund would report the date of termination of its Rule 24f-2 declaration in Item 6.

Items 7 through 11 would require funds to identify the shares sold during the fiscal year for which registration fees have previously been paid or which must be accounted for in determining the fee payable with the Rule 24f-2 Notice. This information is substantially the same as that currently required by a Rule 24f-2 Notice.²⁶ The only

example, Instruction A.3 incorporates the proposed amendments to paragraph (b)(3) of rule 24f-2 regarding the filing requirements for companies that cease operations, and Instruction D.3 incorporates proposed paragraph (f) of rule 24f-2, under which a form would be deemed timely filed if the fund establishes that it timely transmitted the form to a third party that guaranteed delivery no later than the required filing date.

²⁴ The proposed instructions clarify how the rule applies to funds that offer more than one class or series of securities. Instruction A.3 of the form makes it clear that an issuer may file a single Rule 24f-2 Notice for more than one class or series, provided each class or series has the same fiscal year end and is registered on the same Securities Act registration statement. See Letter to Registrant, Feb. 25, 1994, at 3 (hereinafter, 1994 Generic Comment Letter). This instruction would not affect the method of allocating expenses among multiple classes of funds in accordance with existing orders or proposed rule 18f-3 under the 1940 Act; a multiple class fund could net credits for redemptions of shares of one class against sales of shares of another class only if the fund's exemptive order or plan under rule 18f-3 treats federal securities registration fees as a fund expense and does not provide for the allocation of those fees on a class by class basis. See Investment Company Act Rel. No. 19955 (Dec. 15, 1993) (58 FR 68074 (Dec. 23, 1993)) (proposing rule 18f-3).

²⁵ Rule 24f-2(b)(2) (17 CFR 270.24f-2(b)(2)).

²⁶ The information to be provided in items 7 and 8 is not required to determine the fee due, although rule 24f-2 currently requires funds to report this

significant change would be that the form would require information concerning DRIP shares. This item reflects the proposed amendment to paragraph (c) of Rule 24f-2, which would require funds to include all securities issued pursuant to DRIPs in the fund's aggregate sales for purposes of calculating registration fees under the rule's netting provisions.²⁷

Proposed item 12 is a work sheet for calculating the fee payable with the notice. The fee calculation is presented in tabular format to facilitate the Commission staff's review of filing fees for purposes of determining whether a fund has paid the appropriate amount. The work sheet contains seven line items:

- (i) The aggregate sale price of securities sold during the fiscal year in reliance on Rule 24f-2;
- (ii) The aggregate price of DRIP shares (if not included in (i));
- (iii) The aggregate price of shares redeemed or repurchased during the fiscal year;
- (iv) The aggregate price of shares redeemed or repurchased and previously applied as a reduction to filing fees pursuant to Rule 24e-2;²⁸
- (v) The net aggregate sale price of securities sold during the fiscal year in reliance on Rule 24f-2 (line (i), plus line (ii), less line (iii), plus line (iv));
- (vi) The multiplier to be used to determine the fee;²⁹ and

information in annual notices. This information assists the Commission staff and fund compliance personnel in determining whether the issuer has complied with the registration requirements of the Securities Act for shares other than those that are covered by the fund's rule 24f-2 declaration.

²⁷ Instruction B.5 would clarify that this item should be completed only if the issuer is using the netting provision of rule 24f-2(c) to calculate its registration fee. For further discussion of the proposed amendment, see *supra* "Dividend Reinvestment Shares."

²⁸ Section 24(e)(1) of the 1940 Act permits a fund to file a post-effective amendment to its Securities Act registration statement to increase the number of securities registered. Rule 24e-2 provides that the fee to be paid at the time of filing such post-effective amendment will be based on the maximum aggregate offering price at which the additional securities will be offered. This filing fee may be reduced by the amount of securities redeemed or repurchased by the issuer in its previous fiscal year, provided the issuer did not use those redemptions or repurchases under the netting provisions of rule 24f-2. Conversely, the issuer may not count redemptions and repurchases used to reduce the filing fee under rule 24e-2 for purposes of netting under rule 24f-2.

²⁹ In the act making appropriations for the Commission for fiscal 1994, Congress increased the rate of fees prescribed by section 6(b) of the Securities Act from one fiftieth of one percent to one twenty-ninth of one percent. Pub.L. 103-121 (Oct. 27, 1993). Congress extended the increased fee for fiscal year 1995. Pub.L. 103-352 (Oct. 13, 1994). The current fee rate will be in effect through September 30, 1995, unless further extended by Congress; otherwise, the rate will revert to one

(vii) The fee due (line (i) (if the netting provision is not used) or line (v) (if the netting provision is used) multiplied by line (vi)).³⁰

Funds would complete lines (ii), (iii), (iv), and (v) only if the fund is using the rule's netting provision. Thus, the work sheet can be used whether or not the fund is using the rule's netting provision.

The work sheet provided in Item 12 is similar to the method for reporting the calculation of Rule 24f-2 fees on the EDGAR system. Under the EDGAR system, an electronic filer is required to prepare a header for each Rule 24f-2 Notice. The header contains certain filing fee information that is included in the accompanying Rule 24f-2 Notice. The Commission's computer systems are programmed to "check" the filer's fee calculation based on the information provided in the header. If the computer cannot verify the fee calculation, Commission staff review the accompanying notice to determine the source of the error. As proposed, Form 24F-2 would not alter the headers for EDGAR filings. The Commission requests comment whether it should modify its systems to permit computer verification of the fee calculation based on information in the notice rather than the header, thus avoiding the need for filers to duplicate information.

IV. General Request for Comments

Any interested persons wishing to submit written comments on the proposed rule changes and the proposed new form that are the subject of this Release, to suggest additional changes (including changes to provisions of the rules that the Commission is not proposing to amend), or to submit comments on other matters that might have an effect on the proposals described above, are requested to do so. Commenters suggesting alternative approaches are encouraged to submit proposed rule text.

V. Cost/Benefit Analysis

The rule amendments and new form proposed today would clarify the operation of rule 24f-2 and would make the rule's filing deadlines more flexible under certain circumstances. The

fiftieth of one percent. Instruction C.4 to the Form would remind funds to determine the current fee rate prior to filing, since the form may not be accepted for filing if the law requires the fee to be calculated at a rate higher than that used by the filer and an overpayment may result if the statutory rate in effect is lower than the rate on the form.

³⁰ Instruction C.2 specifies that the \$100 minimum fee prescribed by section 6(b) of the Securities Act does not apply to fees payable under rule 24f-2. This provision would also be incorporated into paragraph (c) of the rule.