addition of paragraph (f) to rule 24f-2 would provide a means for companies to avoid late filings, which can result in significant costs to companies. This provision would relieve companies of the cost of preparing applications for exemption from the provisions of the rule and would relieve the Commission of the cost of reviewing such applications. Other proposed revisions to rule 24f-2 are intended to clarify the operation of the rule when an extraordinary business transaction occurs such as a merger or liquidation. The change in use of days rather than months to measure the filing deadlines under rules 24f-1 and 24f-2 would, in most cases, shorten the period to make required filings by a day or two, and thus could be viewed as a "cost." The Commission believes, however, that this "cost" is outweighed by the added certainty and uniformity that such a change would bring to the operation of the rule. Proposed Form 24F-2 would ensure that funds provide consistent information in their Rule 24f-2 Notices and would facilitate the staff's review of annual notices. The Commission believes that the standard form and the interpretive guidance will reduce the burden of preparing and reviewing Rule 24f-2 Notices. The Commission invites specific comment on its assessment of the costs and benefits with respect to today's proposals, including estimates of any costs and benefits perceived by commenters.

VI. Summary of Regulatory Flexibility **Act Analysis**

The Commission has prepared an Initial Regulatory Flexibility Act Analysis in accordance with 5 U.S.C. 603 regarding the proposed amendments. The analysis explains that the proposed form and amendments would result in a reduction of reporting and compliance requirements for small entities. The proposed amendments would clarify several issues that have arisen in connection with rule 24f-2, and the proposed from would facilitate preparation of accurate Rule 24f-2 Notices. The analysis states that there are no alternative means to achieve the objectives of the proposed form and amendments. A copy of the Initial Regulatory Flexibility Act Analysis may be obtained by contacting Karen J. Garnett, Mail Stop 10-6, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Text of Proposed Rule Amendments List of Subjects in 17 CFR Parts 270 and 274

Investment companies, Reporting and recordkeeping requirements, Securities.

For the reasons set out in the preamble, Title 17 Chapter II of the Code of Federal Regulations is proposed to be amended as follows:

Part 270—[AMENDED]

1. The authority citation for part 270 continues to read in part as follows:

Authority: 15 U.S.C. 80a-1 et seq., 1unless otherwise noted.

§§ 270.24f-1 and 270.24f-2 [Amended]

2. The authority citations following §§ 270.24f-1 and 270.24f-2 are removed.

§ 270.24f-1 [Amended]

3. By amending § 270.24f-1, paragraphs (a) and (c), by revising the phrase "6 months" to read "180 days".
4. By amending § 270.24f–2 by

revising paragraphs (b)(1), (b)(3), and (c) and by adding paragraphs (e) and (f) to read as follows:

§ 270.24f-2 Registration under the Securities Act of 1933 of an indefinite number of certain investment company securities.

(b)(1) If an issuer has filed a registration statement or post-effective amendment with a declaration authorized by paragraph (a)(1) of this section, it shall, with respect to such registration statement and within 180 days after the close of any fiscal year during which such declaration was in effect, file five copies of a notice ("Rule 24f-2 Notice") with the Commission. The Rule 24f-2 Notice shall be filed on Form 24F-2 (17 CFR 274.24) and shall be prepared in accordance with the requirements of the form. The Rule 24f-2 Notice shall be accompanied by an opinion of counsel indicating whether the securities the registration of which the notice makes definite in number were legally issued, fully paid, and nonassessable, and the additional filing fee, if any, specified in paragraph (c) of this section.

(3) For purposes of this section, if a registrant ceases operations, the date the registrant ceases operations shall be deemed to be the close of its fiscal year. In the case of a liquidation, merger, or sale of all or substantially all of the registrant's assets, the registrant shall be deemed to have ceased operations for purposes of this section on the date all

or substantially all of the registrant's assets are distributed, the date the merger becomes effective under state law, or the date the assets are transferred; provided, however, that a registrant whose registration statement is succeeded to by another registrant in a transaction described by § 230.414 of this chapter shall not be deemed to have ceased operations.

(c) A Rule 24f-2 Notice shall be accompanied by the payment of a filing fee with respect to the securities sold during the fiscal year in reliance upon registration pursuant to this section and shall be based upon the actual aggregate sale price for which such securities were sold. The filing fee shall be calculated in the manner specified in section 6(b) of the Securities Act of 1933 and the rules and regulations thereunder, except that the minimum filing fee required under section 6(b) shall not apply to fees due under this section. When the Rule 24f-2 Notice is filed not later than 60 days after the close of the fiscal year during which such securities were sold pursuant to this section, the filing fee to be paid as to such securities shall be the fee, if any, calculated in the manner specified in section 6(b) of the Securities Act of 1933 except that, for the purposes of such calculation, such fee shall be based upon the actual aggregate sale price for which securities (including, for this purpose, all securities issued pursuant to a dividend reinvestment plan) were sold during the issuer's previous fiscal year, reduced by the difference between

(1) The actual aggregate redemption or repurchase price of such securities of the issuer redeemed or repurchased by the issuer during such previous fiscal year; and

(2) The actual aggregate redemption or repurchase price of such redeemed or repurchased securities previously applied by the issuer pursuant to § 270.24e–2(a) in filings made pursuant to section 24(e)(1) of the Investment Company Act of 1940.

(e) To determine the date on which a Rule 24f-2 Notice must be filed with the Commission under paragraph (b)(1) of this section or the date that a Rule 24f-2 Notice must be filed in order to permit the issuer to calculate the fee due in accordance with the second sentence of paragraph (c) of this section, the first day of the 180 day or 60 day period, as the case may be, shall be the first calendar day of the fiscal year following the fiscal year for which the Rule 24f-2 Notice is to be filed.

Note to Paragraph (e): For example, a Rule 24f-2 Notice for a fiscal year ending on June