

MEMO# 32032

November 1, 2019

SEC Proposes Rule and Form Changes to Modernize Filing Fee Payment

[32032]

November 1, 2019 TO: ICI Members

Closed-End Investment Company Committee SUBJECTS: Closed-End Funds
Disclosure

Operations RE: SEC Proposes Rule and Form Changes to Modernize Filing Fee Payment

The SEC recently proposed rule and form changes intended to modernize filing fee disclosure and payment methods.[\[1\]](#) The Proposal would amend:

- Rule 0-8 under the Investment Company Act of 1940 to add the option for payment of filing fees via ACH and eliminate the option for payment of fees by paper check and money order;
- Forms N-2, N-5, and N-14 by requiring the filing fee-related information required for fee calculation[\[2\]](#) included on the cover page of the registration statement to be submitted using Inline eXtensible Business Reporting Language (iXBRL);[\[3\]](#) and
- Schedule TO relating to tender offers conducted under Rule 13e-4 of the Securities Exchange Act of 1934 by requiring the filing fee-related information required for fee calculation included on the cover page of the schedule to be submitted using iXBRL.

According to the Proposal, the Commission staff currently processes and validates filing fee information in a highly manual manner. The Proposal would make filing fee-related information machine-readable, thus enabling the fee payment validation process to be faster and more efficient. The requirement to include registration statement filing fee-related information in a structured format would be subject to an extended phase-in period, applying to filings submitted 42 months after the Proposal's effective date. The phase-in period recognizes that investment companies and their filing agents do not currently have experience with Inline XBRL. The proposed changes to Rule 0-8 and Schedule TO would be effective immediately.

Comments on the Proposal are due 60 days after publication in the Federal Register. The Institute does not currently intend to file a comment letter on the Proposal. If you have comments on the Proposal that you would like the Institute to consider making in a comment letter, please contact the undersigned at smith@ici.org by November 29.

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endnotes

[1] *Filing Fee Disclosure and Payment Methods Modernization*, Release Nos. 33-10720; 34-87395; IC-33676 (October 24, 2019) (“Proposal”), available at <https://www.sec.gov/rules/proposed/2019/33-10720.pdf>.

[2] Form N-2 filing fee-related information includes: title of securities being registered, amount being registered, proposed maximum offering price per unit, proposed maximum aggregate offering price, fee rate, and amount of registration fee.

[3] The requirement to include structured data for filing fee-related information would be implemented through amendments to Rule 405 of Regulation S-T, as well as amendments to the general instructions to Forms N-2, N-5, and N-14. The Commission previously proposed requiring closed-end funds to tag certain prospectus disclosure information using iXBRL. See *Securities Offering Reform for Closed-end Investment Companies*, Release Nos. 33-10619; 34-85382; IC-33427 (March 20, 2019), available at <https://www.sec.gov/rules/proposed/2019/33-10619.pdf>. The March 2019 release also proposed to require open-end funds to submit Form 24F-2 in a structured XML format to improve registration fee processing.

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