

MEMO# 6766

March 15, 1995

DRAFT COMMENT LETTER REGARDING PROPOSED AMENDMENTS TO RULE 24F-2

1 See Memorandum to Accounting/Treasurers Members No. 7-95, SEC Rules Members No. 6-95, and Unit Investment Trust Members No. 7-95, dated February 6, 1995. March 15, 1995 TO: ACCOUNTING/TREASURERS COMMITTEE No. 17-95 SEC RULES COMMITTEE No. 41-95 UNIT INVESTMENT TRUST COMMITTEE No. 30-95 RE: DRAFT COMMENT LETTER REGARDING PROPOSED AMENDMENTS TO RULE 24f-2

As we previously advised you, the Securities and Exchange Commission recently issued a release seeking comment on proposed changes to Rule 24f-2 and the creation of a new Form 24F-2 under the Investment Company Act.¹ Attached for your review is the Institutes draft letter to the Commission. While the Institutes draft letter is generally supportive of the proposal, it suggests several changes to the proposal and objects to the Commissions proposed treatment of certain business combinations. Specifically, the Commission has proposed to amend Rule 24f-2 to limit the extent to which successor funds in a business combination may use the redemption credits of acquired funds. The Institutes draft letter suggests that the Commission clarify that when a fund adds a new series by purchasing the assets of another fund, the successor fund may use the redemption credits of the acquired fund to offset the registration fee liabilities of the successor fund. The Institute also requests that the Commission amend Rule 24f-2 to permit a stand-alone fund that purchases the assets of another fund to use the redemption credits of the acquired fund to offset the successor funds registration fee liabilities. Please note that the draft letter objects to the Commission proposing to amend Rule 24f- 2 to replace the "six month" and "two month" time periods with "180 day" and "60 day" time periods, respectively. We understand that it is easier to track filing deadlines for compliance purposes using monthly, rather than daily, measuring periods. We are particularly interested in hearing your views on these proposed changes. The comment letter must be filed with the Commission by March 23rd. Therefore, please contact me at (202) 326-5821 by noon on Tuesday, March 21st with any comments on the attached draft letter. Dorothy M. Donohue Assistant Counsel Attachment