

MEMO# 9180

August 18, 1997

INSTITUTE COMMENT LETTER ON PROPOSED AMENDMENTS TO RULE 24F-2

* See Memorandum to SEC Rules Committee No. 71-97, Accounting/Treasurers Committee No. 19-97 and Unit Investment Trust Committee No. 47-97, dated July 16, 1997. [9180] August 18, 1997 TO: ACCOUNTING/TREASURERS COMMITTEE No. 26-97 SEC RULES COMMITTEE No. 80-97 UNIT INVESTMENT TRUST COMMITTEE No. 53-97 RE: INSTITUTE COMMENT LETTER ON PROPOSED AMENDMENTS TO RULE 24f-2

As we previously advised you, the Securities and Exchange Commission recently proposed amendments to rule 24f-2 and Form 24F-2 under the Investment Company Act of 1940.* Attached is a copy of the Institutes comment letter on the proposal. The Institutes more significant comments are summarized below. The letter strongly supports the elements of the proposal that are designed to implement the National Securities Markets Improvement Act of 1996 and makes several recommendations regarding Form 24F-2 that are intended to enhance the usefulness of that form. The letter specifically recommends that the Commission amend the form to clarify that fund shares previously registered under rule 24e-2 of the Investment Company Act may be used to offset registration fees that otherwise would be payable in connection with current and future sales of fund shares. To make this clear, the letter recommends several changes to Item 5 of the form and suggests adding a note to the form asking funds to identify the number of shares registered pursuant to rule 24e-2 that were used in the current fiscal year to offset the price of shares sold pursuant to section 24(f) and the balance of shares registered pursuant to rule 24e-2 remaining unsold for use in future fiscal years. The letter points out that requiring this information in the form would assist fund compliance personnel in determining the registration fees that should be paid to the Commission. The letter generally supports the exceptions provided by the proposed amendments to rule 24f-2(b) for certain reorganizations that would permit the successor fund in such reorganizations to assume any remaining redemption credits of the predecessor fund. The letter also requests the Commission to modify the proposal to permit an existing 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. The letter strongly supports the Commissions proposed elimination of rule 24f-2s requirement that a funds Form 24F-2 be accompanied by an opinion of counsel and also suggests eliminating similar requirements in investment company registration forms. The letter also recommends that the Commission staff adopt a template form that may be used when filing Form 24F-2 through EDGAR. In addition, the letter recommends that the Commission amend rule 24f-2 to provide that no unit investment trust is required to file a Form 24F-2 or pay a fee under rule 24f-2 for units sold

in the secondary market once primary sales of units have terminated. Finally, the letter recommends that the Commission permit any mutual fund, in calculating its registration fees under rule 24f-2, to exclude from the sales price of its securities any shares sold to a periodic payment plan registered as a UIT, provided that the mutual fund does not include shares redeemed or repurchased from the periodic payment plan for purposes of netting sales under rule 24f-2. This change would eliminate duplicative registration fees currently being paid to the Commission. Dorothy M. Donohue Associate Counsel Attachment (in .pdf format)

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.