

MEMO# 7907

May 30, 1996

SEC PROPOSAL TO ELIMINATE CERTAIN USER FEES

1 Release No. IC-21961, IA-1563 (May 16, 1996); 61 FR 25601 (May 22, 1996). May 30, 1996 TO: INVESTMENT ADVISERS COMMITTEE No. 12-96 SEC RULES COMMITTEE No. 50-96 RE: SEC PROPOSAL TO ELIMINATE CERTAIN USER FEES

The Securities and Exchange Commission has issued a rule proposal to eliminate a series of user fees that were authorized under the Independent Offices Appropriations Act of 1952 and adopted by the SEC in 1972 ("IOAA fees").¹ Several of the fees were adopted under the Investment Company Act of 1940 and the Investment Advisers Act of 1940. The proposal would eliminate the following IOAA fees for registered investment companies: (1) the proxy filing fee under Schedule 14A (\$125); (2) the application fee under Rule 0-5 of the Investment Company Act (\$500); (3) the registration fee for Forms N-1A, N-2, N-3, N-4 and N-5 (\$1,000); (4) the registration fee for an indefinite amount of securities under Rule 24f-2 (\$500); and the filing fee for Form N-SAR under Rule 30-1 (\$125). It would also eliminate the following IOAA fees for registered investment advisers: (1) the application fee under Rule 0-5 of the Advisers Act (\$150); and (2) the registration fee under Rule 203-3 of the Advisers Act (\$150). The SEC believes that charging IOAA fees is no longer appropriate, because the amount of revenue currently generated by statutory fees imposed under the securities laws far exceeds the SEC's operational budget and the additional revenue added by IOAA fees is an insignificant portion of the total revenues received. In addition, the SEC has determined that elimination of the IOAA fees will reduce administrative costs without harming investors. The SEC requests comments, by July 8, 1996, related to any costs or benefits associated with the elimination of the IOAA fees. If you have any comments that you would like the Institute to include in a possible comment letter, please contact the undersigned at 202/326-5923 (or by e-mail at gavis@ici.com) by Thursday, June 20, 1996. Alexander C. Gavis Assistant Counsel Attachment