

11004(c)(2) of the Omnibus Budget Reconciliation Act of 1993, Pub. L. 103-66; § 831.682 also issued under section 201(d) of the Federal Employees Benefits Improvement Act of 1986, Pub. L. 99-251, 100 Stat. 23; subpart S also issued under 5 U.S.C. 8345(k); subpart V also issued under 5 U.S.C. 8343a and section 6001 of the Omnibus Budget Reconciliation Act of 1987, Pub. L. 100-203, 101 Stat. 1330-275; § 831.2203 also issued under section 7001(a)(4) of the Omnibus Budget Reconciliation Act of 1990, Pub. L. 101-508; 104 Stat. 1388-328.

9. In section 831.204, paragraph (e)(2) is revised to read as follows:

§ 831.204 Elections of retirement coverage under the Portability of Benefits for Nonappropriated Fund Employees Act of 1990.

* * * * *

(e) * * *

(2) The procedures must not allow review under any employee grievance procedures, including those established by chapter 71 of title 5, United States Code.

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PART 842—FEDERAL EMPLOYEES RETIREMENT SYSTEM—BASIC ANNUITY

10. The authority citation for part 842 continues to read as follows:

Authority: 5 U.S.C. 8461(g); Sections 842.104 and 842.106 also issued under 5 U.S.C. 8461(n); § 842.105 also issued under 5 U.S.C. 8402(c)(1) and 7701(b)(2); § 842.106 also issued under sec. 7202(m)(2) of the Omnibus Budget Reconciliation Act of 1990, Pub. L. 101-508, and 5 U.S.C. 8402(c)(1); Sections 842.604 and 842.611 also issued under 5 U.S.C. 8417; Section 842.607 also issued under 5 U.S.C. 8416 and 8417; section 842.614 also issued under 5 U.S.C. 8419; section 842.615 also issued under 5 U.S.C. 8418; § 842.703 also issued under sec. 7001(a)(4) of the Omnibus Budget Reconciliation Act of 1990, Public Law 101-508; section 842.707 also issued under section 6001 of the Omnibus Budget Reconciliation Act of 1987, Pub. L. 100-203; section 842.708 also issued under section 4005 of the Omnibus Budget Reconciliation Act of 1989, Pub. L. 101-239 and section 7001 of the Omnibus Budget Reconciliation Act of 1990, Pub. L. 101-508; subpart H also issued under 5 U.S.C. 1104.

11. In Section 842.106, paragraph (e)(2) is revised to read as follows:

§ 842.106 Elections of retirement coverage under the Portability of Benefits for Nonappropriated Fund Employees Act of 1990.

* * * * *

(e) * * *

(2) The procedures must not allow review under any employee grievance procedures, including those established

by chapter 71 of title 5, United States Code.

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SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 270 and 274

[Release Nos. 33-7208; IC-21332; S7-3-95]

RIN 3235-AG29

Registration Fees for Certain Investment Companies

AGENCY: Securities and Exchange Commission.

ACTION: Adoption of rule amendments and form.

SUMMARY: The Commission is adopting amendments to rule 24f-2 under the Investment Company Act of 1940, the rule that permits certain investment companies to register an indefinite number of securities under the Securities Act of 1933. The Commission is also adopting a new form, Form 24F-2, to provide a standard form for annual notices filed under rule 24f-2. The amendments and the new form are intended to clarify the application of certain provisions of rule 24f-2 and make the rule's filing deadlines more flexible under certain circumstances.

DATES: The amendments are effective October 10, 1995. The rule amendments and Form 24F-2 will apply to filings that cover fiscal periods ending on or after the effective date, and to mergers and reorganizations completed on or after the effective date.

FOR FURTHER INFORMATION CONTACT: Karen J. Garnett, Attorney, or Joseph E. Price, Deputy Chief, (202) 942-0721, Office of Disclosure and Investment Adviser Regulation, Division of Investment Management, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. After the effective date, questions concerning filings should be addressed to Carolyn A. Miller, Senior Financial Analyst, (202) 942-0510, Office of Financial Analysis, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission ("Commission") today is adopting amendments to rules 24f-1 (17 CFR 270.24f-1) and 24f-2 (17 CFR 270.24f-2) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) ("1940

Act") and a new Form 24F-2 (17 CFR 274.24).

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Executive Summary

The Commission is amending rule 24f-2 under the 1940 Act, the rule that permits certain investment companies to register an indefinite number of securities under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) ("Securities Act"). The amendments provide that annual notices required by rule 24f-2 will be deemed timely filed if the investment company establishes that it timely transmitted the notice to a company or governmental entity that guaranteed delivery to the Commission no later than the filing date. In addition, the amendments modify certain filing periods under rule 24f-2 and clarify the operation of the rule's termination provisions in the case of investment company business combination transactions. The Commission also is adopting Form 24F-2, a standard form for annual notices required by rule 24f-2. Form 24F-2 solicits the information currently required by rule 24f-2 for annual notices and includes a work sheet for calculating filing fees. The form is intended to improve the accuracy of information contained in Rule 24f-2 Notices and improve the Commission's ability to process the notices. Finally, the Commission is adopting conforming amendments to rule 24f-1, the rule that permits certain investment companies to register securities sold in excess of the number of shares included in a registration statement.

I. Background

Section 6(b) of the Securities Act (15 U.S.C. 77f(b)) specifies the fees that must be paid in connection with registering securities with the Commission under the Securities Act. Section 24 of the 1940 Act (15 U.S.C. 80a-24) modifies these provisions for certain investment companies

("funds").¹ Section 24 was intended to address the problem of inadvertent "oversales" of fund securities, *i.e.*, sales in excess of securities registered, which could easily occur with a fund that continually issues and redeems securities.

Rule 24f-2 under the 1940 Act permits funds to register an indefinite number of securities. A fund that makes a declaration to be governed by the rule ("Rule 24f-2 declaration") pays an initial election fee of \$500. Once a fund makes its Rule 24f-2 declaration, it must file a notice within six months after the close of each fiscal year ("Rule 24f-2 Notice") and pay a registration fee based upon the number of shares sold during the fiscal year.² If the fund files its Rule 24f-2 Notice within two months after the close of its fiscal year, the fund may deduct the value of shares redeemed from the value of shares sold in calculating the amount of fees due.³ This netting provision can result in substantial savings to funds and their shareholders.

On February 1, 1995, the Commission issued a release ("Proposing Release") proposing for public comment amendments to rule 24f-2 that would modify the method for determining when Rule 24f-2 Notices will be deemed timely filed with the Commission.⁴ The proposed amendments would also change the computation of filing deadlines and the operation of rule 24f-2's termination provisions in the case of investment company business combination transactions. In addition, the Commission proposed a standard form for filing Rule 24f-2 Notices, which was intended to improve the accuracy of information contained in the notices. The Commission received six comment letters on the Proposing Release,⁵ all of which supported the proposals.⁶ The Commission is adopting the amendments and form substantially as proposed.

¹ These companies include face amount certificate companies, open-end management companies, and unit investment trusts.

² Rules 24f-2(a)(1), (a)(3), and (b)(1) [17 CFR 270.24f-2(a)(1), (a)(3), and (b)(1)].

³ Rule 24f-2(c) (17 CFR 270.24f-2(c)).

⁴ Investment Company Act Rel. No. 20874 (Feb. 1, 1995) (60 FR 7146 (Feb. 7, 1995)).

⁵ The comment letters are available for public inspection and copying in the Commission's public reference room in File No. S7-3-95.

⁶ One commenter, who supported the proposed rule amendments and form, suggested further changes to accommodate unit investment trusts ("UITs") under certain circumstances. While such revisions are beyond the scope of the current proposal, the Commission intends to consider revisions to rule 24f-2 for UITs in the future.

II. Amendments to Rule 24f-2

A. Delayed Filings

Under rule 24f-2, the consequences of filing a late Rule 24f-2 Notice can be severe.⁷ The Commission proposed an amendment to rule 24f-2 to provide a means for funds to ensure that their Rule 24f-2 Notices are timely filed and thus to avoid the consequences of late filings. The proposed amendment to rule 24f-2 provided that a Rule 24f-2 Notice is deemed timely filed, regardless of when it reaches the Commission, if the fund establishes that it timely transmitted the notice to a third party company or governmental entity that guaranteed delivery to the Commission no later than the filing date. All of the commenters supported the amendment, which the Commission is adopting as proposed.

As adopted, new paragraph (f) of rule 24f-2 (17 CFR 270.24f-2(f)) applies to both the provision for using the rule's netting provision and the deadline for filing Rule 24f-2 Notices.⁸ In order to rely on this provision, a fund must retain a receipt or other writing from the third party evidencing timely receipt by the third party for filing with the Commission by the due date.⁹ By providing a means for funds to ensure that they are not penalized for the failure of a third party to timely file their Rule 24f-2 Notices, the amendments should eliminate the need for such funds to seek exemptive relief from the requirements of rule 24f-2.¹⁰ Consequently, the Commission does not expect to entertain further exemptive applications from late filers.

⁷ Rule 24f-2 currently provides that a fund cannot use the netting provision of paragraph (c) of the rule, which may result in substantially higher filing fees, if the fund's Rule 24f-2 Notice arrives at the Commission more than two months after the end of the fund's fiscal year. In addition, a fund's Rule 24f-2 declaration will terminate if the fund files its Rule 24f-2 Notice more than six months after its fiscal year end.

⁸ The amendments change the deadline for filing in order to use the netting provision from two months to 60 days and the deadline for filing Rule 24f-2 Notices from six months to 180 days. See *infra* section II.D ("Calculation of Time Periods").

⁹ Funds that file Rule 24f-2 Notices by direct transmission on the Commission's EDGAR system ("electronic filers") will not be affected by this provision, since the timeliness of their filings does not depend upon the mail or courier services. While an electronic filing may be delayed for technical reasons, the rules governing electronic filings contain adequate procedures to address transmission problems. See 17 CFR 232.13(b).

¹⁰ The Commission has recently issued exemptive orders pursuant to its authority under section 6(c) of the 1940 Act (15 U.S.C. 80a-6(c)) to allow funds filing after the two month deadline under certain circumstances to use rule 24f-2's netting provision. See Proposing Release, *supra* note 4, at n.7 and accompanying text.

B. Dividend Reinvestment Shares

As discussed above, rule 24f-2 permits a fund to calculate the registration fee due by deducting the amount of shares redeemed during the fiscal year from the amount of shares sold during the period. In determining the amount of shares sold during the fiscal year, some funds have excluded shares issued in connection with dividend reinvestment plans ("DRIP shares").¹¹ These funds, however, also may have included DRIP shares in determining the amount of shares redeemed during the fiscal year.¹² In the Proposing Release, the Commission explained that this method of counting shares is inconsistent with the netting provision of rule 24f-2, which recognizes that a substantial portion of shares being registered under rule 24f-2 were issued to replace redeemed shares that previously had been registered under the Securities Act.¹³ To address this inconsistency, the Commission proposed an amendment to rule 24f-2 to require funds taking advantage of the rule's netting provision to include DRIP shares when determining the amount of shares sold and redeemed during the fiscal year.

Five of the six commenters generally supported the proposed amendment. The objecting commenter argued that including DRIP shares in the amount of securities sold during the fiscal year would contradict the Commission's long-standing position that the issuance of DRIP shares is not a "sale" of securities for purposes of registration.¹⁴ This commenter asserted that the proposed amendments could require a fund to pay registration fees on DRIP shares in years that the amount of DRIP shares issued exceeds redemptions. The Commission acknowledges that in some years a fund could pay fees on DRIP shares that would not be offset by redemptions. Those circumstances would occur infrequently, however, and the fees typically would be recaptured when those shares are redeemed in later years and netted against other sales.¹⁵

¹¹ DRIP shares generally are not treated as "sales" of stock for purposes of registration requirements under the Securities Act. See Securities Act Rel. No. 929 (Jul. 29, 1936). Many funds, therefore, do not include DRIP shares as "sales" for purposes of rule 24f-2.

¹² Funds that do not separately track DRIP shares generally have no means of determining whether shares redeemed during the fiscal year include DRIP shares.

¹³ Proposing Release, *supra* note 4, at section II.B.

¹⁴ See *supra* note 11.

¹⁵ Furthermore, in years when the fund has no sales but issues DRIP shares, the fund would not be required to pay registration fees on shares sold, regardless of redemptions in that year. This is because the amendment does not require a fund to

The Commission considered alternatives to address the commenter's concern, including requiring funds to track the redemption of DRIP shares and exclude them from the amount redeemed in calculating net sales. Industry commenters supported the proposed approach as being less burdensome. The Commission is adopting the amendment as proposed.¹⁶

C. Mergers and Other Business Combinations

Paragraph (b)(3) of rule 24f-2 (17 CFR 270.24f-2(b)(3)) requires a fund planning to cease operations to file a post-effective amendment terminating the Rule 24f-2 declaration and file a final Rule 24f-2 Notice "before ceasing operations." In the case of investment company business combination transactions, especially those involving a liquidation, merger, or sale of assets, the operation of the rule has been unclear. While in most cases a fund's operations cease upon consummation of the transaction, it may be impractical for the fund to file a final Rule 24f-2 Notice before the transaction since sales and redemptions may be occurring until the time of the transaction. In addition, paragraph (b)(3) is silent as to the applicability of the netting provision of paragraph (c) when a fund files a Rule 24f-2 Notice in connection with ceasing operations.

To address these issues, the Commission proposed amendments to rule 24f-2 to remove the requirement that a fund file its final Rule 24f-2 Notice prior to ceasing operations and, in its place, provide that if a fund ceases operations, the end of its fiscal year for purposes of rule 24f-2 is the date it ceases operations.¹⁷ Commenters supported the proposal, and the Commission is adopting amendments to paragraph (b)(3) of rule 24f-2 as proposed.

The rule, as amended, provides that the date a fund ceases operations will be deemed the close of its fiscal year.¹⁸ Thus, a fund must file a final Rule 24f-2 Notice within 180 days after ceasing operations and pay registration fees on all shares sold during the fiscal year.¹⁹ If a fund files the Rule 24f-2 Notice within 60 days after ceasing operations, it will be permitted, under paragraph (c), to net redemptions made between the end of the previous fiscal year and

include DRIP shares in the total amount of securities sold unless the fund is netting redemptions against sales. See Instruction B.7 of Form 24F-2.

¹⁶ Paragraph (c) of rule 24f-2.

¹⁷ Proposing Release, *supra* note 4, at section II.C.

¹⁸ Rule 24f-2(b)(3).

¹⁹ Rule 24f-2(b)(1).

the date of ceasing operations against sales during that period.²⁰ For funds involved in business combination transactions (other than reorganizations described below), revised paragraph (b)(3) specifies that a fund ceases operations for purposes of rule 24f-2 on the date that the fund's assets are distributed in a liquidation, the effective date of a merger, or, when there has been a sale of all or substantially all of the fund's assets, the date those assets are transferred.

As proposed, paragraph (b)(3) also clarified that reorganizations for the purpose of changing the fund's state of incorporation or form of organization would not result in the company ceasing operations for purposes of rule 24f-2. These transactions would be limited under the proposed rule to reorganizations that satisfied the requirements of rule 414 under Regulation C of the Securities Act.²¹ Under a rule 414 reorganization, the successor fund succeeds to all assets and liabilities of the acquired fund, including the registration fee liabilities (net of any redemption credits) under rule 24f-2.²²

Two commenters recommended that the Commission expand the application of paragraph (b)(3) of rule 24f-2 to permit the transfer of redemption credits when the assets and liabilities of an existing fund are merged or otherwise transferred into the portfolio of a newly-created series of another fund.²³ The Commission staff has previously allowed a successor fund to use an acquired fund's redemption credits when the successor fund was a

²⁰ This approach is similar to that taken in rule 8f-1 under the 1940 Act (17 CFR 270.8f-1), which requires a registered investment company winding up its affairs or being merged into or consolidated with another investment company to file an application for an order declaring that the company has ceased to be a registered investment company after the transaction has occurred.

²¹ 17 CFR 230.414. Rule 414 generally provides that the registration statement of a predecessor company will be deemed to be the registration statement of the successor company when the purpose of the reorganization is to change the company's domicile or form of organization, provided certain conditions are satisfied. The Commission staff has stated that rule 414 is applicable to certain fund reorganizations. See, e.g., Lowry Market Timing Fund, Inc. (pub. avail. Jan. 9, 1985); Frank Russell Investment Company (pub. avail. Dec. 3, 1984).

²² Rule 414(b) (17 CFR 230.414(b)) requires that the succession result in the successor issuer acquiring all of the assets of and assuming all of the liabilities and obligations of the issuer.

²³ This type of transaction would not satisfy the requirements of rule 414 because the successor series would be part of a separately registered series company and would not adopt the predecessor fund's registration statement as its own, as required by rule 414. As a result, the acquired fund would cease to do business, unlike the acquired fund in a rule 414 succession.

newly-created series of a series company.²⁴ The Commission has decided to revise paragraph (b)(3) to provide that a fund may transfer redemption credits to a successor fund in the case of either a succession under rule 414 or a transfer of assets to a newly-created series of a series company.

D. Calculation of Time Periods

The Commission proposed amending paragraphs (b)(1) and (c) of Rule 24f-2 to replace the "six month" and "two month" time periods for filing Rule 24f-2 Notices with "180 day" and "60 day" time periods, respectively.²⁵ The rule's references to "months" has resulted in different filing periods depending upon the months involved and is inconsistent with the timing provisions in other Commission rules.²⁶ This has, on occasion, caused some confusion among funds about filing deadlines. Only one commenter objected to the proposed revisions, arguing that the proposal to measure time periods in days rather than months would create more confusion among filers about the deadlines for filing Rule 24f-2 Notices. The Commission believes, however, that the proposed amendments, which make rule 24f-2 consistent with other filing requirements under the 1940 Act, will reduce confusion among funds about the time periods for filing annual notices under rule 24f-2. Therefore, the Commission is adopting the amendments as proposed.²⁷ To further clarify how to calculate time periods, the Commission is also adopting, as proposed, a new paragraph specifying

²⁴ The Victory Funds (pub. avail. Apr. 24, 1995). In The Victory Funds, the staff stated that when a shell series assumes the assets and liabilities of an acquired fund, the transaction is similar to a reorganization under rule 414 because the successor fund is continuing the acquired fund's business and each shareholder of the acquired fund, following the transaction, owns the same pro rata interest in the same portfolio of securities as the shareholder owned before the transaction.

²⁵ Proposing Release, *supra* note 4, at section II.D.

²⁶ See, e.g., rule 30b1-1 under the 1940 Act (17 CFR 270.30b1-1) (requiring funds to file semi-annual reports with the Commission not more than 60 calendar days after the close of each fiscal year and fiscal second quarter); rule 30d-1 under the 1940 Act (17 CFR 270.30d-1) (requiring funds to mail semi-annual reports to stockholders within 60 days after the close of the period for which the report is made); and rule 485 under the Securities Act (17 CFR 230.485) (providing that certain post-effective amendments will become effective on the sixtieth day after filing).

²⁷ The Commission is adopting similar amendments to rule 24f-1, which permits funds with effective registration statements to file a notification that has the effect of registering shares sold in excess of the number of shares previously registered. The six month time periods referred to in paragraphs (a)(1) and (c) of rule 24f-1 (17 CFR 270.24f-1(a)(1), 270.24f-1(c)) are changed to 180 days.

that the first day of the time period is the first calendar day of the fiscal year following the fiscal year for which the Rule 24f-2 Notice is filed.²⁸

E. Investment Companies Funding Insurance Company Separate Accounts

Variable insurance contracts typically are offered through two tier arrangements in which contract premiums are pooled in an unmanaged insurance company separate account and invested in an underlying investment company ("Underlying Fund"). Many of the separate accounts are registered as investment companies and organized as unit investment trusts; others are eligible for exemption from the 1940 Act.

Pursuant to an interpretive letter recently issued by the Division of Investment Management, Underlying Funds are not required to pay registration fees on securities they sell to certain separate accounts.²⁹ These separate accounts are those organized as unit investment trusts and registered as investment companies or separate accounts that are exempt from registration under the 1940 Act but which register their securities under the Securities Act and pay registration fees thereon. The purpose of the interpretive letter was to prevent payment of registration fees under the Securities Act for the same aggregate proceeds from investors in variable insurance products that results in "double counting" of assets on which such fees are paid.

The Commission is codifying this interpretive advice in two instructions to new Form 24F-2.³⁰ Under these instructions, an Underlying Fund that files a Rule 24f-2 Notice generally is not required to include securities sold to an unmanaged separate account that issues interests therein that are registered under the Securities Act and on which registration fees have been or will be paid.³¹ If an Underlying Fund excludes such securities from the amount reported in its Rule 24f-2 Notice, the Underlying Fund is not required to pay a registration fee for those securities. An Underlying Fund relying on this exemption may not include shares redeemed or repurchased from such unmanaged separate accounts for

purposes of netting sales under rule 24f-2.³²

III. Form 24F-2

The Commission is adopting Form 24F-2, substantially as proposed, to provide a standard format for filing information required by Rule 24f-2.³³ All of the commenters generally supported the proposed form. The Commission believes that a standard form for Rule 24f-2 Notices will facilitate the calculation of fees due under rule 24f-2 and reduce errors in the calculation of filing fees. The standard form should also improve the Commission's ability to process Rule 24f-2 Notices and detect errors.

Instructions to the form as adopted specify that an issuer may file a single Rule 24f-2 Notice for more than one class or series of securities, provided each series has the same fiscal year end and each class or series is registered on the same Securities Act registration statement.³⁴ One commenter objected to limiting the use of a single Form 24F-2 to series with the same fiscal year end. This commenter suggested that series funds with different fiscal year ends be permitted to file a single Form 24F-2 for a specified 12-month period, which would permit series with different fiscal year ends to net sales of all series against redemptions of all series. The Commission believes, however, that the limitation is appropriate. Series having different year ends appear to operate more like separate funds than a single fund and thus should not be treated as a single fund for purposes of aggregating sales and redemptions. The Commission has therefore decided not to expand the circumstances under which a series fund is permitted to file a single Form 24F-2 for series within the fund.³⁵

³² The Commission may, in the future, consider a separate form designed specifically for variable insurance products to report shares sold under rule 24f-2.

³³ Paragraph (b)(1) of the rule currently specifies the information that must appear in a Rule 24f-2 Notice. Because Form 24F-2 solicits the same information, the amendments delete this information from the rule.

³⁴ Instruction A.3. This instruction does not affect the method of allocating expenses among multiple classes of funds in accordance with existing orders or rule 18f-3 under the 1940 Act. A multiple class fund is permitted to net credits for redemptions of shares of one class against sales of shares of another class if the fund's exemptive order or plan under rule 18f-3 treats federal securities registration fees as a fund expense and does not provide for the allocation of those fees on a class-by-class basis. See Investment Company Act Rel. No. 20915 (Feb. 23, 1995) (60 FR 11876 (Mar. 2, 1995)) (adopting rule 18f-3).

³⁵ This limitation on filing a single Rule 24f-2 Notice for more than one series is not intended to suggest that all series of a series company must have the same fiscal year end.

As adopted, Form 24F-2 consists of twelve items and detailed instructions for completing and filing the form. The first four items require basic identifying information: the name and address of the fund; the class of shares or series to which the filing relates; the Securities Act file number of the registration statement on which the shares are registered; and the last day of the fiscal year for which the Rule 24f-2 Notice is filed.

Items 5 and 6 must be completed only if the fund fails to file its Rule 24f-2 Notice within 180 days after its fiscal year end. In such a case, the fund's declaration to register an indefinite number of shares is terminated on the next business day.³⁶ As under the current rule, the fund must file a separate Form 24F-2 with respect to sales of securities made pursuant to the declaration during (1) the fiscal year for which the notice was not timely filed, and (2) the period after the close of the fiscal year but before the declaration was terminated. Item 5 requires the fund to indicate whether the form is being filed for purposes of reporting securities sold after the close of the fiscal year but before termination of the fund's Rule 24f-2 declaration. In either case, the fund must report the date of termination of its Rule 24f-2 declaration in Item 6.

Items 7 through 11 require a fund to identify the shares sold during the fiscal year for which registration fees have previously been paid or which must be accounted for in determining the fee payable with the Rule 24f-2 Notice.³⁷ This information is substantially the same as that currently required for a Rule 24f-2 Notice. The only significant change is that the form reflects amendments to paragraph (c) of rule 24f-2 that require a fund to include all securities issued pursuant to DRIPs in the fund's aggregate sales for purposes of calculating registration fees under the rule's netting provisions.³⁸

Item 12 is a work sheet for calculating the fee payable with the notice. The fee calculation is presented in tabular

³⁶ Rule 24f-2(b)(2) (17 CFR 270.24f-2(b)(2)).

³⁷ As proposed, Item 7 required funds to report the number and aggregate sale price of securities of the same class or series "sold during the fiscal year" which had been registered under the Securities Act other than pursuant to rule 24f-2 in a prior fiscal year, but which remained unsold at the beginning of the fiscal year. One commenter asserted that it would be more meaningful, for purposes of calculating filing fees due under rule 24f-2, not to limit this item to securities sold during the fiscal year. The Commission agrees and has omitted the limiting phrase from the form as adopted.

³⁸ Instruction B.7 clarifies that this item should be completed only if the fund is using the netting provision of rule 24f-2(c) to calculate its registration fee. See *supra* section II.B ("Dividend Reinvestment Shares").

²⁸ Rule 24f-2(e) (17 CFR 270.24f-2(e)).

²⁹ American Council of Life Insurance (pub. avail. June 20, 1995).

³⁰ Instructions B.5 and C.4 to Form 24F-2.

³¹ American Council of Life Insurance (pub. avail. June 20, 1995). The letter and the new instructions do not apply to shares sold to separate accounts whose interests are not registered under the Securities Act or to pension plans.

format to facilitate the Commission staff's review of filing fees for purposes of determining whether a fund has paid the appropriate amount. The work sheet contains seven line items:

- (i) The aggregate sale price of securities sold during the fiscal year in reliance on rule 24f-2;³⁹
- (ii) The aggregate price of DRIP shares (if not included in (i));
- (iii) The aggregate price of shares redeemed or repurchased during the fiscal year;
- (iv) The aggregate price of shares redeemed or repurchased and previously applied as a reduction to filing fees pursuant to rule 24e-2;⁴⁰
- (v) The net aggregate sale price of securities sold during the fiscal year in reliance on rule 24f-2 (line (i), plus line (ii), less line (iii), plus line (iv));
- (vi) The multiplier to be used to determine the fee;⁴¹ and
- (vii) The fee due (line (i) (if the netting provision is not used) or line (v) (if the netting provision is used) multiplied by line (vi)).⁴²

A fund must complete lines (ii), (iii), (iv), and (v) only if it is using the rule's netting provision.

The work sheet provided in Item 12 is similar to the method for reporting the calculation of Rule 24f-2 fees on the EDGAR system. Under the EDGAR system, an electronic filer is required to prepare a header for each Rule 24f-2 Notice. The header contains certain filing fee information that is included in

³⁹ In the case of a fund with a front-end load, the aggregate sale price includes the sales load.

⁴⁰ Section 24(e)(1) of the 1940 Act (15 U.S.C. 80a-24(e)(1)) permits a fund to file a post-effective amendment to its Securities Act registration statement to increase the number of securities registered. Rule 24e-2 (17 CFR 270.24e-2) provides that the fee to be paid at the time of filing such post-effective amendment will be based on the maximum aggregate offering price at which the additional securities will be offered. This filing fee may be reduced by the amount of securities redeemed or repurchased by the issuer in its previous fiscal year, provided the issuer did not use those redemptions or repurchases under the netting provisions of rule 24f-2. Conversely, the issuer may not count redemptions and repurchases used to reduce the filing fee under rule 24e-2 for purposes of netting under rule 24f-2.

⁴¹ In the Act making appropriations for the Commission for fiscal 1994, Congress increased the rate of fees prescribed by section 6(b) of the Securities Act from one-fiftieth of one percent to one-twentieth of one percent. Pub. L. 103-121 (Oct. 27, 1993). Congress extended the increased fee for fiscal year 1995. Pub. L. 103-352 (Oct. 13, 1994). The current fee rate will be in effect through September 30, 1995, unless further extended by Congress; otherwise, the rate will revert to one-fiftieth of one percent. Instruction C.6 to the form reminds funds to determine the current fee rate before filing.

⁴² Instruction C.2 specifies that the \$100 minimum fee prescribed by section 6(b) of the Securities Act does not apply to fees payable under rule 24f-2. This provision also has been incorporated into paragraph (c) of the rule.

the accompanying Rule 24f-2 Notice. As adopted, Form 24F-2 does not alter the headers for EDGAR filings.⁴³

IV. Cost/Benefit Analysis

The rule amendments and new form adopted today are intended to clarify the operation of rule 24f-2 and make the rule's filing deadlines more flexible under certain circumstances. The addition of paragraph (f) to rule 24f-2 provides a means for funds to avoid late filings, which can result in significant costs to the funds. This provision will relieve funds of the cost of preparing applications for exemption from the provisions of the rule and will relieve the Commission of the cost of reviewing such applications. Other revisions to rule 24f-2 adopted today are intended to clarify the operation of the rule when an extraordinary business transaction occurs such as a merger or liquidation. The change to use of days rather than months to measure the filing deadlines under rules 24f-1 and 24f-2 will, 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" will be minor and is outweighed by the added certainty and uniformity that such a change brings to the operation of the rule. Form 24F-2 is designed to ensure that funds provide consistent information in their Rule 24f-2 Notices and to facilitate the staff's review of annual notices. The Commission believes that the standard form and the interpretive guidance provided in the form's instructions will reduce the burden of preparing and reviewing Rule 24f-2 Notices.

V. Summary of Regulatory Flexibility Act Analysis

A summary of the Initial Regulatory Flexibility Act Analysis, prepared in accordance with 5 U.S.C. 603, was published in the Proposing Release. No comments were received on this analysis. The Commission has prepared a Final Regulatory Flexibility Analysis, a copy of which may be obtained by contacting Karen J. Garnett, Office of Disclosure and Investment Adviser

⁴³ The Proposing Release requested comment whether the Commission should modify its systems to permit computer verification of the fee calculation based on information in the form rather than the header, thus avoiding the need for filers to duplicate information. The only commenter to address this question supported such a modification because it would relieve EDGAR filers of the burden of manually transferring information from Form 24F-2 to the header. The Commission agrees that such a modification could simplify electronic submissions of Form 24F-2. As the staff further develops the EDGAR system, the Commission may propose appropriate modifications relating to Form 24F-2.

Regulation, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549.

Text of 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, Chapter II, Title 17 of the Code of Federal Regulations is amended as follows:

PART 270—RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940

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

Authority: 15 U.S.C. 80a-1 *et seq.*, 80a-37, 80a-39, unless otherwise noted;

* * * * *

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

§ 270.24e-2 [Amended]

3. By amending § 270.24e-2, paragraph (a)(1), by revising the reference "Rule 457(c) (17 CFR 230.457(c))" to read "Rule 457(d) (17 CFR 230.457(d))".

§ 270.24f-1 [Amended]

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

5. 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 non-assessable, 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 assets of the registrant, 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 in the case of a merger of a registrant ("Predecessor Fund") with another registrant ("Successor Fund"), or a sale of all or substantially all of a Predecessor Fund's assets and liabilities to a Successor Fund, the Predecessor Fund shall not be deemed to have ceased operations and the Successor Fund shall assume the obligations, fees, and redemption credits of the Predecessor Fund incurred pursuant to this section and § 270.24e-2 if:

(i) The registration statement of the Predecessor Fund is deemed the registration statement of the Successor Fund in a transaction described by § 230.414 of this chapter; or

(ii) The Successor Fund is a series of a series company (as defined in § 270.18f-2), and immediately prior to the transaction the Successor Fund had no assets or liabilities, other than nominal assets or liabilities, and no operating history.

(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 purpose 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 30 must be filed no later than December 28 or, if the issuer calculates the fee due in accordance with the second sentence of paragraph (c), no later than August 29. If the last day of the period falls on a non-business day (a Saturday, Sunday or federal holiday), the period shall end on the first business day thereafter, as provided by § 270.0-2.

(f) The date of filing of a Rule 24f-2 Notice with the Commission shall be the date on which the Rule 24f-2 Notice is actually received by the Commission; *provided, however*, that other than in the case of a Rule 24f-2 Notice filed by direct transmission (as such term is defined in rule 11 of Regulation S-T (17 CFR 232.11) a Rule 24f-2 Notice received by the Commission after the date due under either paragraph (b)(1) or paragraph (c) of this section shall be deemed to have been timely filed if the issuer establishes that the Rule 24f-2 Notice was transmitted timely to a third party company or governmental entity providing delivery services in the ordinary course of business, which guaranteed delivery of the Notice to the Commission no later than the required filing date.

PART 274—FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940

6. The authority citation for Part 274 continues to read as follows:

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

7. Section 274.24 and Form 24F-2 are added to read as follows:

Note: The text of Form 24F-2 does not appear in the Code of Federal Regulations. A copy of Form 24F-2 is attached as Appendix I to this document.

§ 274.24 Form 24F-2, annual notice of securities sold pursuant to registration of an indefinite number of certain investment company securities.

Form 24F-2 shall be used as the annual report filed by face amount certificate companies, open-end management companies, and unit investment trusts pursuant to § 270.24f-2 of this chapter for reporting securities sold during the fiscal year.

Dated: September 1, 1995.

By the Commission.

Margaret H. McFarland,
Deputy Secretary.

BILLING CODE 8010-01-P

APPENDIX I. U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 24F-2
Annual Notice of Securities Sold
Pursuant to Rule 24f-2

Read instructions at end of Form before preparing Form.
Please print or type.

1. Name and address of issuer:
2. Name of each series or class of funds for which this notice is filed:
3. Investment Company Act File Number: Securities Act File Number:
4. Last day of fiscal year for which this notice is filed:
5. Check box if this notice is being filed more than 180 days after the close of the issuer's fiscal year for purposes of reporting securities sold after the close of the fiscal year but before termination of the issuer's 24f-2 declaration: <p style="text-align: right;">[]</p>
6. Date of termination of issuer's declaration under rule 24f-2(a)(1), if applicable (see Instruction A.6):
7. Number and amount of securities of the same class or series which had been registered under the Securities Act of 1933 other than pursuant to rule 24f-2 in a prior fiscal year, but which remained unsold at the beginning of the fiscal year:
8. Number and amount of securities registered during the fiscal year other than pursuant to rule 24f-2:
9. Number and aggregate sale price of securities sold during the fiscal year:

<p>10. Number and aggregate sale price of securities sold during the fiscal year in reliance upon registration pursuant to rule 24f-2:</p>														
<p>11. Number and aggregate sale price of securities issued during the fiscal year in connection with dividend reinvestment plans, if applicable (see Instruction B.7):</p>														
<p>12. Calculation of registration fee:</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">(i) Aggregate sale price of securities sold during the fiscal year in reliance on rule 24f-2 (from Item 10):</td> <td style="text-align: right; padding-right: 10px;">\$ _____</td> </tr> <tr> <td style="padding-left: 20px;">(ii) Aggregate price of shares issued in connection with dividend reinvestment plans (from Item 11, if applicable):</td> <td style="text-align: right; padding-right: 10px;">+ _____</td> </tr> <tr> <td style="padding-left: 20px;">(iii) Aggregate price of shares redeemed or repurchased during the fiscal year (if applicable):</td> <td style="text-align: right; padding-right: 10px;">- _____</td> </tr> <tr> <td style="padding-left: 20px;">(iv) Aggregate price of shares redeemed or repurchased and previously applied as a reduction to filing fees pursuant to rule 24e-2 (if applicable):</td> <td style="text-align: right; padding-right: 10px;">+ _____</td> </tr> <tr> <td style="padding-left: 20px;">(v) Net aggregate price of securities sold and issued during the fiscal year in reliance on rule 24f-2 [line (i), plus line (ii), less line (iii), plus line (iv)] (if applicable):</td> <td style="text-align: right; padding-right: 10px;">_____</td> </tr> <tr> <td style="padding-left: 20px;">(vi) Multiplier prescribed by Section 6(b) of the Securities Act of 1933 or other applicable law or regulation (see Instruction C.6):</td> <td style="text-align: right; padding-right: 10px;">x _____</td> </tr> <tr> <td style="padding-left: 20px;">(vii) Fee due [line (i) or line (v) multiplied by line (vi)]:</td> <td style="text-align: right; padding-right: 10px;">=====</td> </tr> </table> <p><i>Instruction: Issuers should complete lines (iii), (iii), (iv), and (v) only if the form is being filed within 60 days after the close of the issuer's fiscal year. See Instruction C.3.</i></p>	(i) Aggregate sale price of securities sold during the fiscal year in reliance on rule 24f-2 (from Item 10):	\$ _____	(ii) Aggregate price of shares issued in connection with dividend reinvestment plans (from Item 11, if applicable):	+ _____	(iii) Aggregate price of shares redeemed or repurchased during the fiscal year (if applicable):	- _____	(iv) Aggregate price of shares redeemed or repurchased and previously applied as a reduction to filing fees pursuant to rule 24e-2 (if applicable):	+ _____	(v) Net aggregate price of securities sold and issued during the fiscal year in reliance on rule 24f-2 [line (i), plus line (ii), less line (iii), plus line (iv)] (if applicable):	_____	(vi) Multiplier prescribed by Section 6(b) of the Securities Act of 1933 or other applicable law or regulation (see Instruction C.6):	x _____	(vii) Fee due [line (i) or line (v) multiplied by line (vi)]:	=====
(i) Aggregate sale price of securities sold during the fiscal year in reliance on rule 24f-2 (from Item 10):	\$ _____													
(ii) Aggregate price of shares issued in connection with dividend reinvestment plans (from Item 11, if applicable):	+ _____													
(iii) Aggregate price of shares redeemed or repurchased during the fiscal year (if applicable):	- _____													
(iv) Aggregate price of shares redeemed or repurchased and previously applied as a reduction to filing fees pursuant to rule 24e-2 (if applicable):	+ _____													
(v) Net aggregate price of securities sold and issued during the fiscal year in reliance on rule 24f-2 [line (i), plus line (ii), less line (iii), plus line (iv)] (if applicable):	_____													
(vi) Multiplier prescribed by Section 6(b) of the Securities Act of 1933 or other applicable law or regulation (see Instruction C.6):	x _____													
(vii) Fee due [line (i) or line (v) multiplied by line (vi)]:	=====													
<p>13. Check box if fees are being remitted to the Commission's lockbox depository as described in section 3a of the Commission's Rules of Informal and Other Procedures (17 CFR 202.3a).</p> <p style="text-align: right;">[]</p> <p>Date of mailing or wire transfer of filing fees to the Commission's lockbox depository:</p>														
<p>SIGNATURES</p> <p>This report has been signed below by the following persons on behalf of the issuer and in the capacities and on the dates indicated.</p> <p>By (Signature and Title)* _____</p> <p style="margin-left: 100px;">_____</p> <p>Date _____</p> <p style="text-align: center; font-size: small;">* Please print the name and title of the signing officer below the signature.</p>														

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 24F-2

**Annual Notice of Securities Sold
Pursuant to Rule 24f-2**

INSTRUCTIONS

A. Rule as to Use of Form 24F-2

1. This form shall be used for annual notices required by rule 24f-2 under the Investment Company Act of 1940 ("Act") [17 CFR 270.24f-2]. Annual notices on this form shall be filed within 180 days after the close of any fiscal year during which the issuer has in effect a declaration to register an indefinite number of securities pursuant to rule 24f-2(a)(1) of the Act. If the notice is being filed not later than 60 days after the close of the issuer's fiscal year, the fees due with the notice may be reduced. (See Instruction C.3.)

2. If the form contains insufficient space for the information required in any item, issuers should attach additional pages as necessary and indicate in the space provided for the item the number of additional pages attached.

3. The issuer named in Item 1 of this form is the face amount certificate company, open-end management company, or unit investment trust that has filed a registration statement under the Securities Act of 1933 ("Securities Act") [15 U.S.C. 77a et seq.] containing a declaration to register an indefinite number of securities under rule 24f-2(a)(1) of the Act. If the issuer has registered more than one class or series on the same Securities Act registration statement, the issuer may file a single Form 24F-2 for those classes or series, provided each series has the same fiscal year end. Issuers electing to calculate filing fees on a class-by-class or series-by-series basis, however, should file a separate Form 24F-2 for each class or series. All classes and series for which the form is filed should be identified in Item 2.

4. The Investment Company Act file number reported in response to Item 3 should be the number of the issuer's registration statement filed under the Act. The Securities Act file number in Item 3 refers to the registration statement filed to register an indefinite number of securities (beginning with either "2-" or "33-").

5. Item 4 requires issuers to report the date of the last day of the fiscal year for which the notice is filed. In the case of an issuer that ceases operations, the date it ceases operations is deemed the last day of its fiscal year for purposes of rule 24f-2.

6. Items 5 and 6 should be completed only if the issuer fails to file its Rule 24f-2 Notice within 180 days after the close of the issuer's fiscal year. In such cases, the issuer's declaration to register an indefinite number of shares will be terminated on the next business day, and the issuer should report the date of termination in Item 6. All such issuers must file a separate Form 24F-2 with respect to sales of securities made pursuant to the declaration during (1) the fiscal year for which the notice was not timely filed, and (2) the period after the close of the fiscal year but before the declaration was terminated. Issuers should check the box in Item 5 only if they are filing the form to report securities sold during the period after the close of the fiscal year but before the declaration was terminated.

B. Computation of Number of Securities

1. In response to Items 7 through 11, issuers may aggregate sales, redemptions, and amounts issued of all classes or series for which the notice is being filed. Issuers must aggregate prices within each class or series. If the issuer charges a front-end sales load on its securities, the aggregate sale price must include the sales load.

2. Item 7 requires the issuer to report the number and amount of securities of the same class or series as those for which the notice is being filed, if any, which were registered under the Securities Act *other than* pursuant to rule 24f-2. This item includes securities registered by post-effective

amendment pursuant to rule 24e-2. Securities reported in Item 7 must have been registered prior to the fiscal year for which the notice is being filed and must remain unsold at the beginning of the fiscal year.

3. Item 8 refers to securities registered during the fiscal year *other than* pursuant to rule 24f-2. This item includes securities registered during the fiscal year by post-effective amendment pursuant to rule 24e-2.

4. Item 9 requires the issuer to report the total number and sale price of securities sold during the fiscal year. This item includes (i) sales of securities registered prior to the fiscal year, (ii) sales of securities registered during the fiscal year, and (iii) securities sold in reliance on registration under rule 24f-2. The issuer may also include shares issued in connection with dividend reinvestment plans ("DRIP shares"), unless the issuer separately reports DRIP shares in Item 11.

5. Securities sold to an unmanaged separate account that offers interests therein that are registered under the Securities Act and on which a registration fee has been or will be paid, may be excluded from the securities reported in Item 9. (See Investment Company Act Rel. No 21332 (Sep. 1, 1995).)

6. Item 10 requires the issuer to report the securities sold during the fiscal year in reliance upon registration under rule 24f-2.

7. Item 11 should be completed only if the issuer is using the netting provision of Item 12. In such cases, the issuer should report the number and dollar amount of securities not registered under the Securities Act that were issued during the fiscal year in connection with dividend reinvestment plans. The issuer is not required to complete Item 11 if DRIP shares are included in the securities reported in Item 9.

C. Computation of Registration Fees

1. Item 12 is a work sheet for calculating the filing fee due. Items 12 (i) and (ii) should be the same as the responses provided to Items 10 and 11, respectively.

2. The filing fee due shall be calculated in the manner specified in Section 6(b) of the Securities Act [15 U.S.C. 77f(b)]. Except as provided below, fees shall be based on the actual aggregate sale price, redemption price, or dollar amount at the date on which the securities were sold, redeemed, or issued. The \$100 minimum fee prescribed by Section 6(b) does not apply to fees payable under rule 24f-2.

3. Lines (ii), (iii), (iv), and (v) of Item 12 (netting provision) apply only to issuers that file the form not later than 60 days after the close of the fiscal year during which securities were sold. In such cases, the filing fee shall be based upon the net aggregate price for which such securities were sold or issued during the issuer's previous fiscal year. Net aggregate price is the actual aggregate sale price, plus the value of shares issued in connection with dividend reinvestment plans, 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 the fiscal year, and (2) the actual aggregate redemption or purchase price of such redeemed or repurchased securities previously applied by the issuer pursuant to rule 24e-2(a) under the Act.

4. If the issuer excludes from the shares reported in Item 9 securities sold to unmanaged separate accounts pursuant to Instruction B.5, the issuer may not use shares redeemed or repurchased from those unmanaged separate accounts for purposes of determining the number of shares redeemed in Item 12.

5. If the issuer's total redemptions and repurchases during the fiscal year exceed the issuer's sales and amount of DRIP shares issued during the fiscal year, the issuer may report on line (iii) of Item 12 only the amount of redemptions equal to the amount of shares sold and issued during the fiscal year, as reported on lines (i) and (ii). The net aggregate price reported in line (v) of Item 12 cannot be less than zero.

6. The multiplier for calculation of the filing fee required by line (vi) of Item 12 is prescribed by Section 6(b) of the Securities Act. As of October 13, 1994, the multiplier was one twenty-ninth of one percent of the maximum aggregate offering price of the securities being registered. This multiplier is subject to change from time to time, without notice, by act of Congress through

appropriations for the Commission or other laws. Issuers should determine the current fee rate prior to the time of filing by reference to Section 6(b) and any law or regulation affecting Section 6(b). Unless otherwise specified by act of Congress, the fee rate in effect at the time of filing applies to all securities sold during the fiscal year, regardless of whether the fee rate changed during the year.

7. The Commission currently calculates fees due under Section 6(b) by dividing the total amount of shares to be registered by 2900. Thus, the multiplier used in line (vi) of Item 12, under current law, should be 1/2900. Use of a decimal factor or some other method to calculate filing fees may result in payment of an incorrect amount. The Commission will not accept any filing that is accompanied by insufficient fees, and no part of the filing fee is refundable. Fees must be paid by United States postal money order, certified bank check, or cash. Issuers should refer to rule 0-8 under the Act [17 CFR 270.0-8] and rule 3a under the Commission's Rules of Informal and Other Procedures [17 CFR 202.3a] for instructions on payment of fees to the Commission. Electronic filers are subject to the fee payment requirements of rule 13(c) under Regulation S-T [17 CFR 232.13(c)].

D. Signature and Filing Form; Exhibit

1. The form shall be signed on behalf of the issuer by an authorized officer of the issuer. The issuer shall file five copies of the completed form, at least one of which has been manually signed, with the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. In accordance with general rule 8b-11 under the Act [17 CFR 270.8b-11], duplicated or facsimile versions of manual signatures shall be considered manual signatures for the purposes of filings under the Act and the rules and regulations thereunder. Electronic filers are subject to rule 302 of Regulation S-T [17 CFR 232.302] regarding signatures on forms filed electronically.

2. This form must be accompanied by the appropriate filing fee and an opinion of counsel indicating whether the securities were legally issued, fully paid, and non-assessable. (See paragraph (b)(1) of rule 24f-2.) A copy of the opinion of counsel should be attached to each copy of the form filed with the Commission.

3. This form will be deemed filed with the Commission on the date on which it is actually received by the Commission. Except in the case of a Rule 24f-2 Notice filed by means of "direct transmission" (as such term is defined in rule 11 of Regulation S-T [17 CFR 232.11]), this form shall be deemed to have been timely filed if the issuer establishes that it timely transmitted the form and required fees to a third party company or governmental entity providing delivery services in the ordinary course of business, which guaranteed delivery of the form to the Commission no later than the required filing date. Issuers relying on such third party delivery must retain a receipt or other writing from the third party evidencing timely receipt by the third party for filing with the Commission by the due date. The Commission will not accept for filing any form accompanied by insufficient payment for the filing fee. Forms accompanied by insufficient payment shall be returned to the issuer for proper payment and shall not be deemed filed until receipt by the Commission of proper payment.