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SPECIAL EDITION

Mutual Funds Should Consider Accelerating Filings in Advance of Substantial Increase in SEC Registration Fee Rate

Securities registration fee rates for mutual funds registered under the Investment Company Act of 1940, as amended (the "1940 Act"), will be increasing nearly 42%, 5 days after the President signs the Omnibus Appropriations Act, 2009 (the "Appropriations Act"). The President signed the Appropriations Act today (March 11, 2009), resulting in the increased registration fee rates becoming effective on Monday, March 16, 2009. Because mutual fund registration fees are calculated based on the rate that is in effect on the date of their annual fee filing, funds may be able to achieve significant cost savings by filing before 5:30 p.m. ET on Friday, March 13, 2009.

Securities Registration Fees for Investment Companies. Section 6(b) of the Securities Act of 1933 requires the SEC to collect fees from issuers registering their securities offerings. Normal operating companies are generally permitted to register only a fixed number of shares and pay fees at the time of registration. In contrast, certain types of investment companies, including mutual funds and unit investment trusts, may register an indefinite number of securities at the time of registration because they offer shares on a continuous basis.

Section 24(f)(2) of the 1940 Act permits these investment companies to pay their registration fees once annually based on the net sales price of the securities sold during a fiscal year (*i.e.*, net of redemptions). Pursuant to Rule 24f-2 under the 1940 Act, a mutual fund or unit investment trust is required to file a Form 24F-2 accompanied by the registration fee within 90 days after its fiscal year end. The fee rate in effect at the time of filing Form 24F-2 applies to all securities sold during the fiscal year.

As a general matter, adjustments to the Section 6(b) registration fee take effect on the later of the first day of the SEC's fiscal year, October 1st, or 5 days after the SEC receives its fiscal year appropriations. The present increase in the registration fee rate will thus take effect 5 days after the SEC receives its fiscal 2009 appropriations (*i.e.*, on March 16, 2009). Accordingly, under SEC filing rules, Form 24F-2 filings submitted to the SEC before 5:30 p.m. ET on Friday, March 13, 2009 will be subject to the current fee rate of \$39.30 per million dollars. Filings submitted after 5:30 p.m. ET, will be deemed filed as of the next business day, March 16, 2009, and will be subject to the new fee rate of \$55.80 per million dollars.

Accelerating Form 24F-2 Filings. In light of the nearly 42% increase in the fee rate, an investment company that by virtue of the timing of its fiscal year-end is in a position to pay its registration fees should consider making its Form 24F-2 filing in advance of the effectiveness of the new fee rate.

Additional information on the fee rate increase is available on the SEC website at <http://www.sec.gov/news/press/2009/2009-56.htm>.

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If you have any questions regarding this development, please contact [Marco E. Adelfio](#), [Robert M. Kurucza](#), [Philip H. Newman](#), [Christopher E. Palmer](#), [Kenneth C. Fang](#), or [Paul J. Delligatti](#).

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