



SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-385, OMB Control No. 3235-0441]

Submission for OMB Review; Comment Request; Extension: Rule 18f-3

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Securities and Exchange Commission

Office of FOIA Services

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Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (“Paperwork Reduction Act”), the Securities and Exchange Commission (“the Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for extension of the previously approved collection of information discussed below.

Rule 18f-3 (17 CFR 270.18f-3) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) exempts from section 18(f)(1) and 18 (f)(i) a fund that issues multiple classes of shares representing interests in the same portfolio of securities (a “multiple class fund”) if the fund satisfies the conditions of the rule. In general, each class must differ in its arrangement for shareholder services or distribution or both, must pay the related expenses of that different arrangement, and must satisfy certain voting rights provisions. The rule includes one requirement for the collection of information. A multiple class fund must prepare, and fund directors must approve, a written plan setting forth the separate arrangement and expense allocation of each class, and any related conversion features or exchange privileges (“rule 18f-3 plan”). Approval of the plan must occur before the fund issues any shares of multiple classes and whenever the fund materially amends the plan. In approving the plan, the fund board, including a majority of the independent directors, must determine that the plan is in the best interests of each class and the fund as a whole.

The requirement that the fund prepare and directors approve a written rule 18f-3 plan is intended to ensure that the fund compiles information relevant to the fairness of the separate arrangement and expense allocation for each class, and that directors review and approve the information. Without a blueprint that highlights material differences among classes, directors might not perceive potential conflicts of interests when they determine whether the plan is in the best interests of each class and the fund. In addition, the plan may be useful to Commission staff in reviewing the fund’s compliance with the rule.

The following estimates of average burden hours are made solely for purposes of the Paperwork Reduction Act of 1995¹ and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with the information collection requirements of rule 18f-3 is necessary to obtain the benefit of the rule’s exemption. The collection of information under rule 18f-3 is mandatory. Responses to the collection of information requirements will not be kept confidential.

Table 1: Rule 18f-3 PRA Estimates

	Internal annual burden	Wage Rate ¹		Internal Time Costs
ESTIMATES FOR RULE 18F-3				
Prepare and approve a written 18f-3 plan ²	6 hours ³			
Average number of responses annually per registrant	0.5 responses ³			
Total number of hours per registrant per year ⁴	3 hours ³	\$484 (in-house attorney)	\$4,770 (fund board of directors) ⁶	\$936,056 (in-house attorney) \$4,612,590 (board of directors) ⁷
Total number of registrants	967 ⁴			
Total annual hour burden	2,901 hours⁵			\$5,548,646⁸

Notes:

1. The Commission’s estimates of the relevant wage rates are based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association’s *Office Salaries in the Securities Industry 2013*; the estimated figures are modified by firm size, employee benefits, overhead, and adjusted to account for the effects of inflation; see Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013.

¹ 44 U.S.C. 3501 *et seq.*

2. The Commission estimates that each registrant prepares and approves a rule 18f-3 plan every two years when issuing a new fund or class or amending a plan (or that 484 of all 967 registrants prepare and approve a plan each year).
3. This estimate assumes that each response will take 6 hours, requiring 3 hours per registrant per year (0.5 responses per registrant × 6 hours per response = 3 hours per registrant).
4. The Commission estimates that there are approximately 6,733 multiple class funds offered by 967 registrants.
5. 967 registrants × 3 hours = 2,901 hours.
6. The estimate for the cost of board time is derived from estimates made by the staff regarding typical board size and compensation that is based on information received from fund representatives and publicly available sources; the \$4,770 per hour estimate for a fund board of directors was last adjusted for inflation through 2019, and assumes an average of 9 board members per board.
7. This estimate assumes that two-thirds (1,934) of the internal hours are spent by in-house attorneys to prepare the plan (1,934 hours × \$484 estimated hourly rate = \$936,056 per year) and that one-third (967) are spent by the fund's board of directors to approve the plan (967 hours × \$4,770 per hour = \$4,612,590).
8. \$936,056 + \$4,612,590 = \$5,548,646.

The information provided under rule 18f-3 will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice by **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]** to (i) MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street, NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: January 22, 2024.

Sherry R. Haywood,

Assistant Secretary.

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