



## Regulatory Circular 07-004

Date: February 28, 2007

To: ETP Holders

From: James C. Yong  
Chief Regulatory Officer

Re: SEC's Section 31 Transaction Fee Rate

The Investor and Capital Markets Relief Act (the "Fee Relief Act") amended Section 31 of the Securities Exchange Act of 1934 to change the fee rates applicable under subparagraphs (b) and (c) of Section 31. The Fee Relief Act requires the Securities and Exchange Commission ("Commission") to make annual adjustments to the fee rates applicable under Section 31(b) and (c) for each of the fiscal years 2003 through 2011, and one final adjustment to fix the fee rates for fiscal 2012 and beyond.

In May 2006, the Commission announced that "effective Oct. 1, 2006, or 30 days after the date on which the Commission receives its fiscal year 2007 regular appropriation, **whichever date comes later**, the Section 31 fee rate applicable to securities transactions on the exchanges and certain over-the-counter markets will decrease to \$15.30 per million from the current rate of \$30.70 per million." (Emphasis added.) See, *SEC Announces Billion Dollar Fee Cut to Benefit Investors*, Rel. 2006-64; *NSX Regulatory Circular 06-009*.

On February 16, 2007, the Commission announced that on February 15, 2007, President Bush signed House Joint Resolution 20 which stated that it shall be deemed the Commission's "regular appropriation" for FY 2007. See, *SEC Chairman Cox Announces \$700 Million Fee Cut to Benefit Investors*, Rel. 2007-24 (attached). The Commission therefore announced that effective March 17, 2007, the Section 31 fee rate applicable to securities on the exchanges and over-the-counter transactions will decrease to \$15.30 per million dollars.

**As a result, on March 17, 2007, the National Stock Exchange, Inc.<sup>®</sup> (the "Exchange" or "NSX<sup>SM</sup>") will also accordingly adjust its regulatory transaction fee assessed to ETP Holders under NSX Rules that the Exchange uses to help fund the Exchange's Section 31 fee obligations to the Commission.**

Any further questions can be directed to me at 312.786.8893.



[Home](#) | [Previous Page](#)

**U.S. Securities and Exchange Commission**

## **SEC Chairman Cox Announces \$700 Million Fee Cut to Benefit Investors**

**FOR IMMEDIATE RELEASE  
2007-24**

*Washington, D.C., Feb. 16, 2007* - Securities and Exchange Commission Chairman Christopher Cox announced today that, starting next week, the agency will sharply cut the fees charged to public companies and other issuers for securities transactions and registrations.

"The investors who bear the burden of these SEC fees deserve this relief," said SEC Chairman Christopher Cox. "It will mean that more of their hard earned savings will be available for important needs such as education, health care, and retirement — and less will be diverted to Washington."

The SEC sets registration and transaction fees according to the Investor and Capital Markets Fee Relief Act. The fee cuts that will go into effect next week are significant: fees to register securities with the Commission will be reduced by 71.3 percent, and fees on securities transactions will be reduced by 50.2 percent.

### **Background**

Under the Investor and Capital Markets Fee Relief Act, the SEC makes annual adjustments to the rates paid under Section 6(b) of the Securities Act of 1933 and Sections 13(e), 14(g), and 31 of the Securities Act of 1934. The fee cuts the SEC intended to put into effect for 2007 were thrown into question, however, because the law makes fee rate changes effective only upon enactment of the Commission's "regular appropriations" — and for fiscal 2007, Congress passed a continuing resolution for the entire government, instead of the regular appropriations bill that includes the SEC. As a result, the agency requested special legislative relief to permit the fee cuts to go forward. Congress agreed to the request, and on Feb. 15, 2007, President Bush signed House Joint Resolution 20, the continuing resolution for the remainder of FY 2007, which stated that it shall be deemed the Commission's "regular appropriation" for FY 2007. That, in turn, triggered the fees cuts.

Accordingly, effective Feb. 20, 2007, the Section 6(b) fee rate applicable to the registration of securities, the 13(e) fee rate applicable to the repurchase of securities, and the Section 14(g) fee rate applicable to proxy solicitations and statements in corporate control transactions will decrease to \$30.70 per million dollars. The Section 6(b) rate also is the rate used to calculate the fees payable with the Annual Notice of Securities Sold pursuant to Rule 24f-2 under the Investment Company Act of 1940.

All filings submitted to the SEC before 5:30 p.m. EST, and filings pursuant to Rule 462(b) (17 C.F.R. 230.462(b)) submitted to the SEC before 10:00 p.m. EST, on Feb. 19, 2007, will be subject to the current fee rate of \$107.00 per million dollars. Rule 462(b) filings submitted after 10:00 p.m. EST, and all other filings submitted after 5:30 p.m. EST, on Feb. 19, 2007, under Section 232.13 of Regulation S-T (17 C.F.R. 232.13), will be subject to the new fee rate of \$30.70 per million dollars.

Questions about the new Section 6(b), Section 13(e), or Section 14(g) fee rates should be directed to the Filer Support Unit in the SEC's Office of Filings and Information Services at (202) 551-8900.

In addition, effective March 17, 2007, the Section 31 fee rate applicable to securities transactions on the exchanges and over-the-counter markets will decrease to \$15.30 per million dollars. Further, pursuant to Section 31, the Commission will determine no later than March 1, 2007 whether a mid-year adjustment to the Section 31 fee rate will be necessary. The Section 31 assessment on security futures transactions also will decrease to \$0.0042 per round turn transaction, effective March 17, 2007.

The adjusted fee rates will not affect the amount of funding available to the Commission.

The Commission will announce the new fee rates for FY 2008 no later than April 30, 2007. These fee rates will become effective October 1, 2007, or after the Commission's FY 2008 appropriation is enacted.

Additional information on the Section 31 fee rate will be available on the Internet websites of the New York Stock Exchange and the NASD at <http://www.nyse.com> and <http://www.nasd.com>, respectively. The Division of Market Regulation's Office of Interpretation and Guidance also is available to answer questions relating to Section 31. That office may be reached by phone at 202-551-5777 or by email at [marketreg@sec.gov](mailto:marketreg@sec.gov).

The Commission will issue further notices as appropriate to keep the public informed of developments relating to the fee rates. These notices will be posted at the SEC's Internet web site at <http://www.sec.gov>.

*<http://www.sec.gov/news/press/2007/2007-24.htm>*