SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-8916; 34-57766 / May 2, 2008]

Order Making Fiscal Year 2009 Annual Adjustments to the Fee Rates Applicable under Section 6(b) of the Securities Act of 1933 and Sections 13(e), 14(g), 31(b), and 31(c) of the Securities Exchange Act of 1934

I.   Background

The Commission collects fees under various provisions of the securities laws.

Section 6(b) of the Securities Act of 1933 ("Securities Act") requires the Commission to

collect fees from issuers on the registration of securities.[1] Section 13(e) of the Securities

Exchange Act of 1934 ("Exchange Act") requires the Commission to collect fees on

specified repurchases of securities.[2] Section 14(g) of the Exchange Act requires the

Commission to collect fees on proxy solicitations and statements in corporate control

transactions.[3] Finally, Sections 31(b) and (c) of the Exchange Act require national

securities exchanges and national securities associations, respectively, to pay fees to the

Commission on transactions in specified securities.[4]

The Investor and Capital Markets Fee Relief Act ("Fee Relief Act")[5] amended

Section 6(b) of the Securities Act and Sections 13(e), 14(g), and 31 of the Exchange Act

to require the Commission to make annual adjustments to the fee rates applicable under

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[1]   15 U.S.C. 77f(b).

[2]   15 U.S.C. 78m(e).

[3]   15 U.S.C. 78n(g).

[4]   15 U.S.C. 78ee(b) and (c). In addition, Section 31(d) of the Exchange Act requires the Commission to collect assessments from national securities exchanges and national securities associations for round turn transactions on security futures. 15 U.S.C. 78ee(d).

[5]   Pub. L. No. 107-123, 115 Stat. 2390 (2002).

these sections for each of the fiscal years 2003 through 2011, and one final adjustment to fix the fee rates under these sections for fiscal year 2012 and beyond.[6]

II.   **Fiscal Year 2009 Annual Adjustment to the Fee Rates Applicable under Section 6(b) of the Securities Act and Sections 13(e) and 14(g) of the Exchange Act**

Section 6(b)(5) of the Securities Act requires the Commission to make an annual adjustment to the fee rate applicable under Section 6(b) of the Securities Act in each of the fiscal years 2003 through 2011.[7] In those same fiscal years, Sections 13(e)(5) and 14(g)(5) of the Exchange Act require the Commission to adjust the fee rates under Sections 13(e) and 14(g) to a rate that is equal to the rate that is applicable under Section 6(b). In other words, the annual adjustment to the fee rate under Section 6(b) of the Securities Act also sets the annual adjustment to the fee rates under Sections 13(e) and 14(g) of the Exchange Act.

Section 6(b)(5) sets forth the method for determining the annual adjustment to the fee rate under Section 6(b) for fiscal year 2009. Specifically, the Commission must adjust the fee rate under Section 6(b) to a "rate that, when applied to the baseline estimate of the aggregate maximum offering prices for [fiscal year 2009], is reasonably likely to produce aggregate fee collections under [Section 6(b)] that are equal to the target offsetting collection amount for [fiscal year 2009]." That is, the adjusted rate is

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[6]   See 15 U.S.C. 77f(b)(5), 77f(b)(6), 78m(e)(5), 78m(e)(6), 78n(g)(5), 78n(g)(6), 78ee(j)(1), and 78ee(j)(3). Section 31(j)(2) of the Exchange Act, 15 U.S.C. 78ee(j)(2), also requires the Commission, in specified circumstances, to make a mid-year adjustment to the fee rates under Sections 31(b) and (c) of the Exchange Act in fiscal years 2002 through 2011.

[7]   The annual adjustments are designed to adjust the fee rate in a given fiscal year so that, when applied to the aggregate maximum offering price at which securities are proposed to be offered for the fiscal year, it is reasonably likely to produce total fee collections under Section 6(b) equal to the "target offsetting collection amount" specified in Section 6(b)(11)(A) for that fiscal year.

determined by dividing the "target offsetting collection amount" for fiscal year 2009 by the "baseline estimate of the aggregate maximum offering prices" for fiscal year 2009.

Section 6(b)(11)(A) specifies that the "target offsetting collection amount" for fiscal year 2009 is $284,000,000.[8] Section 6(b)(11)(B) defines the "baseline estimate of the aggregate maximum offering price" for fiscal year 2009 as "the baseline estimate of the aggregate maximum offering price at which securities are proposed to be offered pursuant to registration statements filed with the Commission during [fiscal year 2009] as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget . . . ."

To make the baseline estimate of the aggregate maximum offering price for fiscal year 2009, the Commission is using the same methodology it developed in consultation with the Congressional Budget Office ("CBO") and Office of Management and Budget ("OMB") to project aggregate offering price for purposes of the fiscal year 2008 annual adjustment. Using this methodology, the Commission determines the "baseline estimate of the aggregate maximum offering price" for fiscal year 2009 to be $5,091,289,629,574.[9] Based on this estimate, the Commission calculates the fee rate for

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[8]   Congress determined the target offsetting collection amounts by applying reduced fee rates to the CBO's January 2001 projections of the aggregate maximum offering prices for fiscal years 2002 through 2011. In any fiscal year through fiscal year 2011, the annual adjustment mechanism will result in additional fee rate reductions if the CBO's January 2001 projection of the aggregate maximum offering prices for the fiscal year proves to be too low, and fee rate increases if the CBO's January 2001 projection of the aggregate maximum offering prices for the fiscal year proves to be too high.

[9]   Appendix A explains how we determined the "baseline estimate of the aggregate maximum offering price" for fiscal year 2009 using our methodology, and then shows the purely arithmetical process of calculating the fiscal year 2009 annual adjustment based on that estimate. The appendix includes the data used by the Commission in making its "baseline estimate of the aggregate maximum offering price" for fiscal year 2009.

fiscal 2009 to be $55.80 per million. This adjusted fee rate applies to Section 6(b) of the

Securities Act, as well as to Sections 13(e) and 14(g) of the Exchange Act.

III. Fiscal Year 2009 Annual Adjustment to the Fee Rates Applicable under Sections 31(b) and (c) of the Exchange Act

Section 31(b) of the Exchange Act requires each national securities exchange to

pay the Commission a fee at a rate, as adjusted by our order pursuant to Section

31(j)(2),[10] which currently is $5.60 per million of the aggregate dollar amount of sales of

specified securities transacted on the exchange. Similarly, Section 31(c) requires each

national securities association to pay the Commission a fee at the same adjusted rate on

the aggregate dollar amount of sales of specified securities transacted by or through any

member of the association otherwise than on an exchange. Section 31(j)(1) requires the

Commission to make annual adjustments to the fee rates applicable under Sections 31(b)

and (c) for each of the fiscal years 2003 through 2011.[11]

Section 31(j)(1) specifies the method for determining the annual adjustment for

fiscal year 2009. Specifically, the Commission must adjust the rates under Sections 31(b)

and (c) to a "uniform adjusted rate that, when applied to the baseline estimate of the

aggregate dollar amount of sales for [fiscal year 2009], is reasonably likely to produce

aggregate fee collections under [Section 31] (including assessments collected under

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[10] Order Making Fiscal 2008 Mid-Year Adjustment to the Fee Rates Applicable Under Sections 31(b) and (c) of the Securities Exchange Act of 1934, Rel. No. 34-57407 (February 29, 2008), 73 FR 12228 (March 6, 2008).

[11] The annual adjustments, as well as the mid-year adjustments required in specified circumstances under Section 31(j)(2) in fiscal years 2002 through 2011, are designed to adjust the fee rates in a given fiscal year so that, when applied to the aggregate dollar volume of sales for the fiscal year, they are reasonably likely to produce total fee collections under Section 31 equal to the "target offsetting collection amount" specified in Section 31(l)(1) for that fiscal year.

[Section 31(d)]) that are equal to the target offsetting collection amount for [fiscal year 2009]."

Section 31(l)(1) specifies that the "target offsetting collection amount" for fiscal year 2009 is $1,023,000,000.[12] Section 31(l)(2) defines the "baseline estimate of the aggregate dollar amount of sales" as "the baseline estimate of the aggregate dollar amount of sales of securities . . . to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during [fiscal year 2009] as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget . . . ."

To make the baseline estimate of the aggregate dollar amount of sales for fiscal year 2009, the Commission is using the same methodology it developed in consultation with the CBO and OMB to project dollar volume for purposes of prior fee adjustments.[13] Using this methodology, the Commission calculates the baseline estimate of the aggregate dollar amount of sales for fiscal year 2009 to be $113,703,210,464,919. Based on this estimate, and an estimated collection of $18,755 in assessments on security

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[12]   Congress determined the target offsetting collection amounts by applying reduced fee rates to the CBO's January 2001 projections of dollar volume for fiscal years 2002 through 2011. In any fiscal year through fiscal year 2011, the annual and, in specified circumstances, mid-year adjustment mechanisms will result in additional fee rate reductions if the CBO's January 2001 projection of dollar volume for the fiscal year proves to be too low, and fee rate increases if the CBO's January 2001 projection of dollar volume for the fiscal year proves to be too high.

[13]   Appendix B explains how we determined the "baseline estimate of the aggregate dollar amount of sales" for fiscal year 2009 using our methodology, and then shows the purely arithmetical process of calculating the fiscal year 2009 annual adjustment based on that estimate. The appendix also includes the data used by the Commission in making its "baseline estimate of the aggregate dollar amount of sales" for fiscal year 2009.

futures transactions under Section 31(d) in fiscal year 2009, the uniform adjusted rate for fiscal year 2009 is $9.30 per million.[14]

IV.   Effective Dates of the Annual Adjustments

Section 6(b)(8)(A) of the Securities Act provides that the fiscal year 2009 annual adjustment to the fee rate applicable under Section 6(b) of the Securities Act shall take effect on the later of October 1, 2008, or five days after the date on which a regular appropriation to the Commission for fiscal year 2009 is enacted.[15] Sections 13(e)(8)(A) and 14(g)(8)(A) of the Exchange Act provide for the same effective date for the annual adjustments to the fee rates applicable under Sections 13(e) and 14(g) of the Exchange Act.[16]

Section 31(j)(4)(A) of the Exchange Act provides that the fiscal year 2009 annual adjustments to the fee rates applicable under Sections 31(b) and (c) of the Exchange Act shall take effect on the later of October 1, 2008, or 30 days after the date on which a regular appropriation to the Commission for fiscal year 2009 is enacted.

V.   Conclusion

Accordingly, pursuant to Section 6(b) of the Securities Act and Sections 13(e), 14(g), and 31 of the Exchange Act,[17]

IT IS HEREBY ORDERED that the fee rates applicable under Section 6(b) of the Securities Act and Sections 13(e) and 14(g) of the Exchange Act shall be $55.80 per

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[14]   The calculation of the adjusted fee rate assumes that the current fee rate of $5.60 per million will apply through October 31, 2008, due to the operation of the effective date provision contained in Section 31(j)(4)(A) of the Exchange Act.

[15]   15 U.S.C. 77f(b)(8)(A).

[16]   15 U.S.C. 78m(e)(8)(A) and 78n(g)(8)(A).

[17]   15 U.S.C. 77f(b), 78m(e), 78n(g), and 78ee(j).

million effective on the later of October 1, 2008, or five days after the date on which a regular appropriation to the Commission for fiscal year 2009 is enacted; and

IT IS FURTHER ORDERED that the fee rates applicable under Sections 31(b) and (c) of the Exchange Act shall be $9.30 per million effective on the later of October 1, 2008, or 30 days after the date on which a regular appropriation to the Commission for fiscal year 2009 is enacted.

By the Commission.

Nancy M. Morris
Secretary

APPENDIX A

With the passage of the Investor and Capital Markets Relief Act, Congress has, among other things, established a target amount of monies to be collected from fees charged to issuers based on the value of their registrations. This appendix provides the formula for determining such fees, which the Commission adjusts annually. Congress has mandated that the Commission determine these fees based on the "aggregate maximum offering prices," which measures the aggregate dollar amount of securities registered with the Commission over the course of the year. In order to maximize the likelihood that the amount of monies targeted by Congress will be collected, the fee rate must be set to reflect projected aggregate maximum offering prices. As a percentage, the fee rate equals the ratio of the target amounts of monies to the projected aggregate maximum offering prices.

For 2009, the Commission has estimated the aggregate maximum offering prices by projecting forward the trend established in the previous decade. More specifically, an ARIMA model was used to forecast the value of the aggregate maximum offering prices for months subsequent to March 2008, the last month for which the Commission has data on the aggregate maximum offering prices.

The following sections describe this process in detail.

A. Baseline estimate of the aggregate maximum offering prices for fiscal year 2009.

First, calculate the aggregate maximum offering prices (AMOP) for each month in the sample (March 1998 - March 2008). Next, calculate the percentage change in the AMOP from month to month.

Model the monthly percentage change in AMOP as a first order moving average process. The moving average approach allows one to model the effect that an exceptionally high (or low) observation of AMOP tends to be followed by a more "typical" value of AMOP.

Use the estimated moving average model to forecast the monthly percent change in AMOP. These percent changes can then be applied to obtain forecasts of the total dollar value of registrations. The following is a more formal (mathematical) description of the procedure:

1. Begin with the monthly data for AMOP. The sample spans ten years, from March 1998 to March 2008.

2. Divide each month's AMOP (column C) by the number of trading days in that month (column B) to obtain the average daily AMOP (AAMOP, column D).

3. For each month t, the natural logarithm of AAMOP is reported in column E.

4. Calculate the change in log(AAMOP) from the previous month as
   $\Delta_t = \log(AAMOP_t) - \log(AAMOP_{t-1})$. This approximates the percentage change.

5. Estimate the first order moving average model $\Delta_t = \alpha + \beta e_{t-1} + e_t$, where e_t denotes the forecast error for month t. The forecast error is simply the difference between the one-month ahead forecast and the actual realization of Δ_t. The forecast error is expressed as $e_t = \Delta_t - \alpha - \beta e_{t-1}$. The model can be estimated using standard commercially available software such as SAS or Eviews. Using least squares, the estimated parameter values are $\alpha = 0.00154$ and $\beta = -0.87424$.

6. For the month of April 2008 forecast $\Delta_{t=4/08} = \alpha + \beta e_{t=3/08}$. For all subsequent

   months, forecast $\Delta_t = \alpha$.

7. Calculate forecasts of log(AAMOP). For example, the forecast of log(AAMOP) for

   June 2008 is given by $FLAAMOP_{t=6/08} = \log(AAMOP_{t=3/08}) + \Delta_{t=4/08} + \Delta_{t=5/08} +$

   $\Delta_{t=6/08}$.

8. Under the assumption that e_t is normally distributed, the n-step ahead forecast of

   AAMOP is given by $\exp(FLAAMOP_t + \sigma_n^2/2)$, where σ_n denotes the standard error

   of the n-step ahead forecast.

9. For June 2008, this gives a forecast AAMOP of $19.7 Billion (Column I), and a

   forecast AMOP of $414.1 Billion (Column J).

10. Iterate this process through September 2009 to obtain a baseline estimate of the

    aggregate maximum offering prices for fiscal year 2009 of $5,091,289,629,574.

B. Using the forecasts from A to calculate the new fee rate.

1. Using the data from Table A, estimate the aggregate maximum offering prices

   between 10/1/08 and 9/30/09 to be $5,091,289,629,574.

2. The rate necessary to collect the target $284,000,000 in fee revenues set by Congress

   is then calculated as: $284,000,000 ÷ $5,091,289,629,574 = 0.00005578.

3. Round the result to the seventh decimal point, yielding a rate of .0000558 (or $55.80

   per million).

Table A. Estimation of baseline of aggregate maximum offering prices .

Fee rate calculation.

a. Baseline estimate of the aggregate maximum offering prices, 10/1/08 to 9/30/08 ($Millions)	5,091,290
b. Implied fee rate ($284 Million / a)	$55.80

Data

(A) Month	(B) # of Trading Days in Month	(C) Aggregate Maximum Offering Prices, in $Millions	(D) Average Daily Aggregate Max. Offering Prices (AAMOP) in $Millions	(E) log(AAMOP)	(F) Change in AAMOP	(G) Forecast log(AAMOP)	(H) Standard Error	(I) Forecast AAMOP, in $Millions	(J) Forecast Aggregate Maximum Offering Prices, in $Millions
Mar-98	22	378,185	17,190	23.568					
Apr-98	21	242,310	11,539	23.169	-0.399				
May-98	20	298,454	14,923	23.426	0.257				
Jun-98	22	328,994	14,954	23.428	0.002				
Jul-98	22	272,957	12,407	23.242	-0.187				
Aug-98	21	392,104	18,672	23.650	0.409				
Sep-98	21	325,144	15,483	23.463	-0.187				
Oct-98	22	139,786	6,354	22.572	-0.891				
Nov-98	20	269,065	13,453	23.322	0.750				
Dec-98	22	248,596	11,300	23.148	-0.174				
Jan-99	19	253,448	13,339	23.314	0.166				
Feb-99	19	217,433	11,444	23.161	-0.153				
Mar-99	23	415,145	18,050	23.616	0.456				
Apr-99	21	431,280	20,537	23.746	0.129				
May-99	20	229,082	11,454	23.162	-0.584				
Jun-99	22	367,943	16,725	23.540	0.379				
Jul-99	21	332,623	15,839	23.486	-0.054				
Aug-99	22	240,157	10,916	23.114	-0.372				
Sep-99	21	236,011	11,239	23.143	0.029				
Oct-99	21	216,883	10,328	23.058	-0.085				
Nov-99	21	372,582	17,742	23.599	0.541				
Dec-99	22	319,846	14,538	23.400	-0.199				
Jan-00	20	282,165	14,108	23.370	-0.030				
Feb-00	20	665,367	33,268	24.228	0.858				
Mar-00	23	550,107	23,918	23.898	-0.330				
Apr-00	19	244,510	12,869	23.278	-0.620				
May-00	22	269,774	12,262	23.230	-0.048				

Jun-00	22	406,409	18,473	23.640	0.410
Jul-00	20	230,894	11,545	23.169	-0.470
Aug-00	23	257,797	11,209	23.140	-0.030
Sep-00	20	332,120	16,606	23.533	0.393
Oct-00	22	362,493	16,477	23.525	-0.008
Nov-00	21	317,653	15,126	23.440	-0.086
Dec-00	20	246,006	12,300	23.233	-0.207
Jan-01	21	462,726	22,035	23.816	0.583
Feb-01	19	388,304	20,437	23.741	-0.075
Mar-01	22	523,443	23,793	23.893	0.152
Apr-01	20	289,212	14,461	23.395	-0.498
May-01	22	274,298	12,468	23.246	-0.148
Jun-01	21	348,268	16,584	23.532	0.285
Jul-01	21	264,590	12,600	23.257	-0.275
Aug-01	23	245,591	10,678	23.091	-0.165
Sep-01	15	178,524	11,902	23.200	0.108
Oct-01	23	260,719	11,336	23.151	-0.049
Nov-01	21	286,199	13,629	23.335	0.184
Dec-01	20	395,230	19,762	23.707	0.372
Jan-02	21	401,290	19,109	23.673	-0.034
Feb-02	19	476,837	25,097	23.946	0.273
Mar-02	20	380,160	19,008	23.668	-0.278
Apr-02	22	282,947	12,861	23.277	-0.391
May-02	22	215,645	9,802	23.006	-0.272
Jun-02	20	277,757	13,888	23.354	0.348
Jul-02	22	208,638	9,484	22.973	-0.381
Aug-02	22	265,750	12,080	23.215	0.242
Sep-02	20	109,565	5,478	22.424	-0.791
Oct-02	23	179,374	7,799	22.777	0.353
Nov-02	20	243,590	12,179	23.223	0.446
Dec-02	21	212,838	10,135	23.039	-0.184
Jan-03	21	201,839	9,611	22.986	-0.053
Feb-03	19	144,642	7,613	22.753	-0.233
Mar-03	21	444,331	21,159	23.775	1.022

Apr-03	21	142,373	6,780	22.637	-1.138			
May-03	21	328,792	15,657	23.474	0.837			
Jun-03	21	281,580	13,409	23.319	-0.155			
Jul-03	22	304,383	13,836	23.351	0.031			
Aug-03	21	328,351	15,636	23.473	0.122			
Sep-03	21	459,563	21,884	23.809	0.336			
Oct-03	23	285,039	12,393	23.240	-0.569			
Nov-03	19	257,779	13,567	23.331	0.091			
Dec-03	22	244,998	11,136	23.133	-0.197			
Jan-04	20	369,784	18,489	23.640	0.507			
Feb-04	19	221,517	11,659	23.179	-0.461			
Mar-04	23	448,543	19,502	23.694	0.514			
Apr-04	21	260,029	12,382	23.240	-0.454			
May-04	20	227,239	11,362	23.154	-0.086			
Jun-04	21	370,668	17,651	23.594	0.441			
Jul-04	21	305,519	14,549	23.401	-0.193			
Aug-04	22	179,688	8,168	22.823	-0.577			
Sep-04	21	357,007	17,000	23.556	0.733			
Oct-04	21	254,489	12,119	23.218	-0.338			
Nov-04	21	363,406	17,305	23.574	0.356			
Dec-04	22	570,918	25,951	23.979	0.405			
Jan-05	20	375,484	18,774	23.656	-0.324			
Feb-05	19	338,922	17,838	23.605	-0.051			
Mar-05	22	590,862	26,857	24.014	0.409			
Apr-05	21	282,018	13,429	23.321	-0.693			
May-05	21	323,652	15,412	23.458	0.138			
Jun-05	22	517,022	23,501	23.880	0.422			
Jul-05	20	457,487	22,874	23.853	-0.027			
Aug-05	23	605,534	26,328	23.994	0.141			
Sep-05	21	312,281	14,871	23.423	-0.571			
Oct-05	21	258,956	12,331	23.235	-0.187			
Nov-05	21	192,736	9,178	22.940	-0.295			
Dec-05	21	308,134	14,673	23.409	0.469			
Jan-06	20	526,550	26,328	23.994	0.585			

Feb-06	19	301,446	15,866	23.487	-0.506				
Mar-06	23	1,211,344	52,667	24.687	1.200				
Apr-06	19	407,345	21,439	23.788	-0.899				
May-06	22	260,121	11,824	23.193	-0.595				
Jun-06	22	375,296	17,059	23.560	0.367				
Jul-06	20	232,654	11,633	23.177	-0.383				
Aug-06	23	310,050	13,480	23.325	0.147				
Sep-06	20	236,782	11,839	23.195	-0.130				
Oct-06	22	213,342	9,697	22.995	-0.200				
Nov-06	21	292,456	13,926	23.357	0.362				
Dec-06	20	349,512	17,476	23.584	0.227				
Jan-07	20	372,740	18,637	23.648	0.064				
Feb-07	19	278,753	14,671	23.409	-0.239				
Mar-07	22	862,786	39,218	24.392	0.983				
Apr-07	20	562,103	28,105	24.059	-0.333				
May-07	22	470,843	21,402	23.787	-0.272				
Jun-07	21	586,822	27,944	24.053	0.267				
Jul-07	21	326,612	15,553	23.468	-0.586				
Aug-07	23	369,172	16,051	23.499	0.032				
Sep-07	19	241,059	12,687	23.264	-0.235				
Oct-07	23	239,652	10,420	23.067	-0.197				
Nov-07	21	458,654	21,841	23.807	0.740				
Dec-07	20	410,200	20,510	23.744	-0.063				
Jan-08	21	354,433	16,878	23.549	-0.195				
Feb-08	20	263,410	13,171	23.301	-0.248				
Mar-08	20	596,923	29,846	24.119	0.818				
Apr-08	22					23.635	0.359	19,616	431,562
May-08	21					23.637	0.362	19,667	413,000
Jun-08	21					23.638	0.365	19,717	414,058
Jul-08	22					23.640	0.367	19,768	434,886
Aug-08	21					23.641	0.370	19,818	416,181
Sep-08	21					23.643	0.373	19,869	417,247
Oct-08	23					23.644	0.376	19,920	458,155
Nov-08	19					23.646	0.378	19,971	379,445

Dec-08	22					23.648	0.381	20,022	440,482
Jan-09	20					23.649	0.384	20,073	401,463
Feb-09	19					23.651	0.386	20,125	382,367
Mar-09	22					23.652	0.389	20,176	443,874
Apr-09	21					23.654	0.392	20,228	424,783
May-09	20					23.655	0.394	20,280	405,591
Jun-09	22					23.657	0.397	20,331	447,293
Jul-09	22					23.658	0.399	20,384	448,438
Aug-09	21					23.660	0.402	20,436	429,150
Sep-09	21					23.661	0.404	20,488	430,249

Figure A
Aggregate Maximum Offering Prices Subject to Securities Act Section 6(b)
(Dashed Line Indicates Forecast Values)
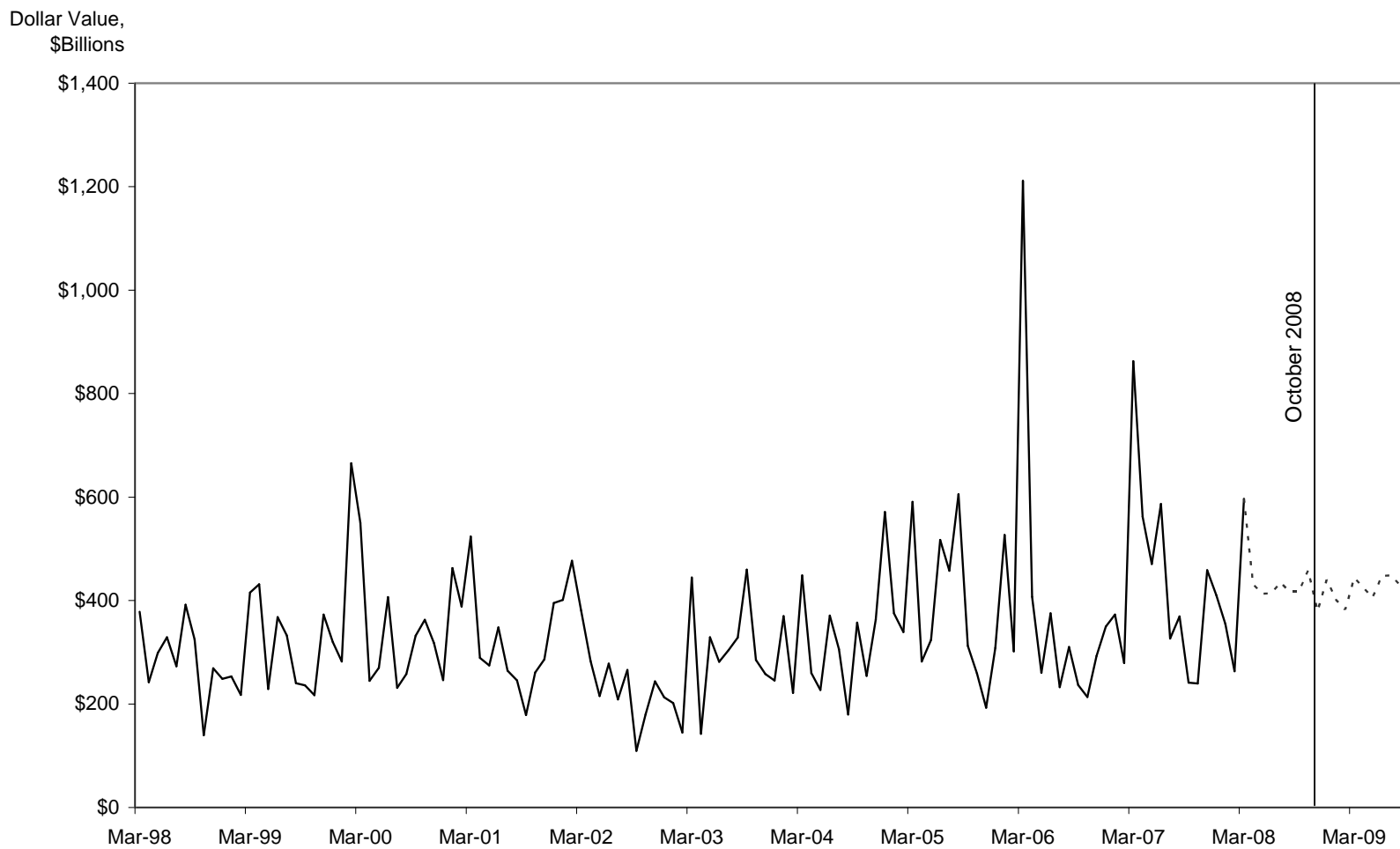
APPENDIX B

With the passage of the Investor and Capital Markets Relief Act, Congress has, among other things, established a target amount of monies to be collected from fees charged to investors based on the value of their transactions. This appendix provides the formula for determining such fees, which the Commission adjusts annually, and may adjust semi-annually.[18] In order to maximize the likelihood that the amount of monies targeted by Congress will be collected, the fee rate must be set to reflect projected dollar transaction volume on the securities exchanges and certain over-the-counter markets over the course of the year. As a percentage, the fee rate equals the ratio of the target amounts of monies to the projected dollar transaction volume.

For 2009, the Commission has estimated dollar transaction volume by projecting forward the trend established in the previous decade. More specifically, dollar transaction volume was forecasted for months subsequent to March 2008, the last month for which the Commission has data on transaction volume.

The following sections describe this process in detail.

A. Baseline estimate of the aggregate dollar amount of sales for fiscal year 2009.

First, calculate the average daily dollar amount of sales (ADS) for each month in the sample (March 1998 - March 2008). The monthly aggregate dollar amount of sales (exchange plus certain over-the-counter markets) is presented in column C of Table B.

Next, calculate the change in the natural logarithm of ADS from month to month. The average monthly percentage growth of ADS over the entire sample is 0.015 and the standard deviation is 0.126. Assuming the monthly percentage change in ADS follows a random walk,

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[18] Congress requires that the Commission make a mid-year adjustment to the fee rate if four months into the fiscal year it determines that its forecasts of aggregate dollar volume are reasonably likely to be off by 10% or more.

calculating the expected monthly percentage growth rate for the full sample is straightforward. The expected monthly percentage growth rate of ADS is 2.3%.

Now, use the expected monthly percentage growth rate to forecast total dollar volume. For example, one can use the ADS for March 2008 ($338,395,058,873) to forecast ADS for April 2008 ($346,177,695,873= $338,395,058,873x 1.023).[19] Multiply by the number of trading days in April 2008 (22) to obtain a forecast of the total dollar volume for the month ($7,615,909,309,196). Repeat the method to generate forecasts for subsequent months.

The forecasts for total dollar volume are in column G of Table B. The following is a more formal (mathematical) description of the procedure:

1. Divide each month's total dollar volume (column C) by the number of trading days in that month (column B) to obtain the average daily dollar volume (ADS, column D).

2. For each month t, calculate the change in ADS from the previous month as

   $\Delta_t = \log(ADS_t / ADS_{t-1})$, where $\log(x)$ denotes the natural logarithm of x.

3. Calculate the mean and standard deviation of the series $\{\Delta_1, \Delta_2, \dots, \Delta_{120}\}$. These are given by $\mu = 0.015$ and $\sigma = 0.126$, respectively.

4. Assume that the natural logarithm of ADS follows a random walk, so that Δ_s and Δ_t are statistically independent for any two months s and t.

5. Under the assumption that Δ_t is normally distributed, the expected value of ADS_t / ADS_{t-1} is given by $\exp(\mu + \sigma^2/2)$, or on average $ADS_t = 1.023 \times ADS_{t-1}$.

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[19]   The value 1.023 has been rounded. All computations are done with the unrounded value.

6. For April 2008, this gives a forecast ADS of 1.023 × $338,395,058,873= $346,177,695,873. Multiply this figure by the 22 trading days in April 2008 to obtain a total dollar volume forecast of $7,615,909,309,196.

7. For May 2008, multiply the April 2008 ADS forecast by 1.023 to obtain a forecast ADS of $354,139,323,188. Multiply this figure by the 21 trading days in May 2008 to obtain a total dollar volume forecast of $7,436,925,786,952.

8. Repeat this procedure for subsequent months.

B. Using the forecasts from A to calculate the new fee rate.

1. Use Table B to estimate fees collected for the period 10/1/08 through 10/31/08. The projected aggregate dollar amount of sales for this period is $9,125,934,321,266. Projected fee collections at the current fee rate of 0.0000056 are $51,105,232.

2. Estimate the amount of assessments on securities futures products collected during 10/1/08 and 9/30/09 to be $18,755 by projecting a 2.3% monthly increase from a base of $1,173 in March 2008.

3. Subtract the amounts $51,105,232 and $18,755 from the target offsetting collection amount set by Congress of $1,023,000,000 leaving $971,876,013 to be collected on dollar volume for the period 11/1/08 through 9/30/09.

4. Use Table B to estimate dollar volume for the period 11/1/08 through 9/30/09. The estimate is $104,577,276,143,653. Finally, compute the fee rate required to produce the additional $971,876,013 in revenue. This rate is $971,876,013 divided by $104,577,276,143,653 or 0.0000092934.

5. Round the result to the seventh decimal point, yielding a rate of .0000093 (or $9.30 per million).

Table B. Estimation of baseline of the aggregate dollar amount of sales.

Fee rate calculation.

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a. Baseline estimate of the aggregate dollar amount of sales, 10/1/08 to 10/31/08 ($Millions)	9,125,934
b. Baseline estimate of the aggregate dollar amount of sales, 11/1/08 to 9/30/09 ($Millions)	104,577,276
c. Estimated collections in assessments on securities futures products in FY 2009 ($Millions)	0.019
d. Implied fee rate (($1023,000,000 - 0.0000056*a - c) /b)	$9.3

Data

(A) Month	(B) # of Trading Days in Month	(C) Aggregate Dollar Amount of Sales	(D) Average Daily Dollar Amount of Sales (ADS)	(E) Change in LN of ADS	(F) Forecast ADS	(G) Forecast Aggregate Dollar Amount of Sales
Mar-98	22	1,259,994,685,467	57,272,485,703	-		
Apr-98	21	1,298,494,359,253	61,833,064,726	0.077		
May-98	20	1,110,221,658,995	55,511,082,950	-0.108		
Jun-98	22	1,243,779,791,913	56,535,445,087	0.018		
Jul-98	22	1,399,011,433,748	63,591,428,807	0.118		
Aug-98	21	1,307,501,463,442	62,261,974,450	-0.021		
Sep-98	21	1,352,428,235,083	64,401,344,528	0.034		
Oct-98	22	1,460,835,397,598	66,401,608,982	0.031		
Nov-98	20	1,298,403,768,065	64,920,188,403	-0.023		
Dec-98	22	1,442,697,787,306	65,577,172,150	0.010		
Jan-99	19	1,884,555,055,910	99,187,108,206	0.414		
Feb-99	19	1,656,058,202,765	87,160,958,040	-0.129		
Mar-99	23	1,908,967,664,074	82,998,594,090	-0.049		
Apr-99	21	2,177,601,770,622	103,695,322,411	0.223		
May-99	20	1,784,400,906,987	89,220,045,349	-0.150		
Jun-99	22	1,697,339,227,503	77,151,783,068	-0.145		
Jul-99	21	1,767,035,098,986	84,144,528,523	0.087		
Aug-99	22	1,692,907,150,726	76,950,325,033	-0.089		
Sep-99	21	1,730,505,881,178	82,405,041,961	0.068		
Oct-99	21	2,017,474,765,542	96,070,226,931	0.153		
Nov-99	21	2,348,374,009,334	111,827,333,778	0.152		
Dec-99	22	2,686,788,531,991	122,126,751,454	0.088		
Jan-00	20	3,057,831,397,113	152,891,569,856	0.225		
Feb-00	20	2,973,119,888,063	148,655,994,403	-0.028		
Mar-00	23	4,135,152,366,234	179,789,233,315	0.190		
Apr-00	19	3,174,694,525,687	167,089,185,562	-0.073		
May-00	22	2,649,273,207,318	120,421,509,424	-0.328		
Jun-00	22	2,883,513,997,781	131,068,818,081	0.085		
Jul-00	20	2,804,753,395,361	140,237,669,768	0.068		
Aug-00	23	2,720,788,395,832	118,295,147,645	-0.170		
Sep-00	20	2,930,188,809,012	146,509,440,451	0.214		
Oct-00	22	3,485,926,307,727	158,451,195,806	0.078		
Nov-00	21	2,795,778,876,887	133,132,327,471	-0.174		
Dec-00	20	2,809,917,349,851	140,495,867,493	0.054		
Jan-01	21	3,143,501,125,244	149,690,529,774	0.063		
Feb-01	19	2,372,420,523,286	124,864,238,068	-0.181		
Mar-01	22	2,554,419,085,113	116,109,958,414	-0.073		
Apr-01	20	2,324,349,507,745	116,217,475,387	0.001		
May-01	22	2,353,179,388,303	106,962,699,468	-0.083		
Jun-01	21	2,111,922,113,236	100,567,719,678	-0.062		
Jul-01	21	2,004,384,034,554	95,446,858,788	-0.052		
Aug-01	23	1,803,565,337,795	78,415,884,252	-0.197		
Sep-01	15	1,573,484,946,383	104,898,996,426	0.291		
Oct-01	23	2,147,238,873,044	93,358,211,871	-0.117		
Nov-01	21	1,939,427,217,518	92,353,677,025	-0.011		
Dec-01	20	1,921,098,738,113	96,054,936,906	0.039		
Jan-02	21	2,149,243,312,432	102,344,919,640	0.063		
Feb-02	19	1,928,830,595,585	101,517,399,768	-0.008		
Mar-02	20	2,002,216,374,514	100,110,818,726	-0.014		
Apr-02	22	2,062,101,866,506	93,731,903,023	-0.066		
May-02	22	1,985,859,756,557	90,266,352,571	-0.038		

Jun-02	20	1,882,185,380,609	94,109,269,030	0.042		
Jul-02	22	2,349,564,490,189	106,798,385,918	0.126		
Aug-02	22	1,793,429,904,079	81,519,541,095	-0.270		
Sep-02	20	1,518,944,367,204	75,947,218,360	-0.071		
Oct-02	23	2,127,874,947,972	92,516,302,086	0.197		
Nov-02	20	1,780,816,458,122	89,040,822,906	-0.038		
Dec-02	21	1,561,092,215,646	74,337,724,555	-0.180		
Jan-03	21	1,723,698,830,414	82,080,896,686	0.099		
Feb-03	19	1,411,722,405,357	74,301,179,229	-0.100		
Mar-03	21	1,699,581,267,718	80,932,441,320	0.085		
Apr-03	21	1,759,751,025,279	83,797,667,870	0.035		
May-03	21	1,871,390,985,678	89,113,856,461	0.062		
Jun-03	21	2,122,225,077,345	101,058,337,016	0.126		
Jul-03	22	2,100,812,973,956	95,491,498,816	-0.057		
Aug-03	21	1,766,527,686,224	84,120,366,011	-0.127		
Sep-03	21	2,063,584,421,939	98,265,924,854	0.155		
Oct-03	23	2,331,850,083,022	101,384,786,218	0.031		
Nov-03	19	1,903,726,129,859	100,196,112,098	-0.012		
Dec-03	22	2,066,530,151,383	93,933,188,699	-0.065		
Jan-04	20	2,390,942,905,678	119,547,145,284	0.241		
Feb-04	19	2,177,765,594,701	114,619,241,826	-0.042		
Mar-04	23	2,613,808,754,550	113,643,858,893	-0.009		
Apr-04	21	2,418,663,760,191	115,174,464,771	0.013		
May-04	20	2,259,243,404,459	112,962,170,223	-0.019		
Jun-04	21	2,112,826,072,876	100,610,765,375	-0.116		
Jul-04	21	2,209,808,376,565	105,228,970,313	0.045		
Aug-04	22	2,033,343,354,640	92,424,697,938	-0.130		
Sep-04	21	1,993,803,487,749	94,943,023,226	0.027		
Oct-04	21	2,414,599,088,108	114,980,908,958	0.191		
Nov-04	21	2,577,513,374,160	122,738,732,103	0.065		
Dec-04	22	2,673,532,981,863	121,524,226,448	-0.010		
Jan-05	20	2,581,839,174,160	129,091,958,708	0.060		
Feb-05	19	2,532,202,396,053	133,273,810,319	0.032		
Mar-05	22	3,030,474,095,010	137,748,822,500	0.033		
Apr-05	21	2,906,386,858,222	138,399,374,201	0.005		
May-05	21	2,697,406,551,792	128,447,931,038	-0.075		
Jun-05	22	2,825,792,932,509	128,445,133,296	0.000		
Jul-05	20	2,603,995,025,602	130,199,751,280	0.014		
Aug-05	23	2,846,109,434,770	123,743,888,468	-0.051		
Sep-05	21	3,009,608,583,531	143,314,694,454	0.147		
Oct-05	21	3,279,930,784,463	156,187,180,213	0.086		
Nov-05	21	3,163,288,362,669	150,632,779,175	-0.036		
Dec-05	21	3,090,218,506,716	147,153,262,225	-0.023		
Jan-06	20	3,573,306,111,973	178,665,305,599	0.194		
Feb-06	19	3,313,973,129,190	174,419,638,378	-0.024		
Mar-06	23	3,807,374,752,084	165,538,032,699	-0.052		
Apr-06	19	3,257,448,631,999	171,444,664,842	0.035		
May-06	22	4,206,452,683,345	191,202,394,697	0.109		
Jun-06	22	3,993,966,132,543	181,543,915,116	-0.052		
Jul-06	20	3,339,657,248,277	166,982,862,414	-0.084		
Aug-06	23	3,410,343,285,403	148,275,795,018	-0.119		
Sep-06	20	3,407,481,301,776	170,374,065,089	0.139		
Oct-06	22	3,980,061,341,623	180,911,879,165	0.060		
Nov-06	21	3,933,474,986,969	187,308,332,713	0.035		
Dec-06	20	3,715,146,848,695	185,757,342,435	-0.008		
Jan-07	20	4,264,337,570,190	213,216,878,510	0.138		
Feb-07	19	3,947,307,855,865	207,753,045,046	-0.026		

Mar-07	22	5,245,976,330,691	238,453,469,577	0.138		
Apr-07	20	4,274,660,745,896	213,733,037,295	-0.109		
May-07	22	5,173,409,122,483	235,154,960,113	0.096		
Jun-07	21	5,589,955,070,604	266,188,336,695	0.124		
Jul-07	21	5,941,510,339,617	282,929,063,791	0.061		
Aug-07	23	7,715,893,065,459	335,473,611,542	0.170		
Sep-07	19	4,806,887,798,516	252,994,094,659	-0.282		
Oct-07	23	6,501,037,858,934	282,653,819,954	0.111		
Nov-07	21	7,175,404,886,442	341,685,946,973	0.190		
Dec-07	20	5,499,256,804,407	274,962,840,220	-0.217		
Jan-08	21	7,996,757,181,265	380,797,961,013	0.326		
Feb-08	20	6,139,476,764,099	306,973,838,205	-0.216		
Mar-08	20	6,767,901,177,467	338,395,058,873	0.097		
Apr-08	22				346,177,695,873	7,615,909,309,196
May-08	21				354,139,323,188	7,436,925,786,952
Jun-08	21				362,284,057,360	7,607,965,204,556
Jul-08	22				370,616,109,602	8,153,554,411,244
Aug-08	21				379,139,787,982	7,961,935,547,615
Sep-08	21				387,859,499,645	8,145,049,492,554
Oct-08	23				396,779,753,099	9,125,934,321,266
Nov-08	19				405,905,160,536	7,712,198,050,182
Dec-08	22				415,240,440,227	9,135,289,684,986
Jan-09	20				424,790,418,954	8,495,808,379,080
Feb-09	19				434,560,034,511	8,256,640,655,702
Mar-09	22				444,554,338,252	9,780,195,441,544
Apr-09	21				454,778,497,708	9,550,348,451,868
May-09	20				465,237,799,255	9,304,755,985,096
Jun-09	22				475,937,650,848	10,470,628,318,662
Jul-09	22				486,883,584,820	10,711,438,866,042
Aug-09	21				498,081,260,738	10,459,706,475,501
Sep-09	21				509,536,468,333	10,700,265,834,990

Figure B.

Aggregate Dollar Amount of Sales Subject to Exchange Act Sections 31(b) and 31(c)[1]

Methodology Developed in Consultation With OMB and CBO

(Dashed Line Indicates Forecast Values)
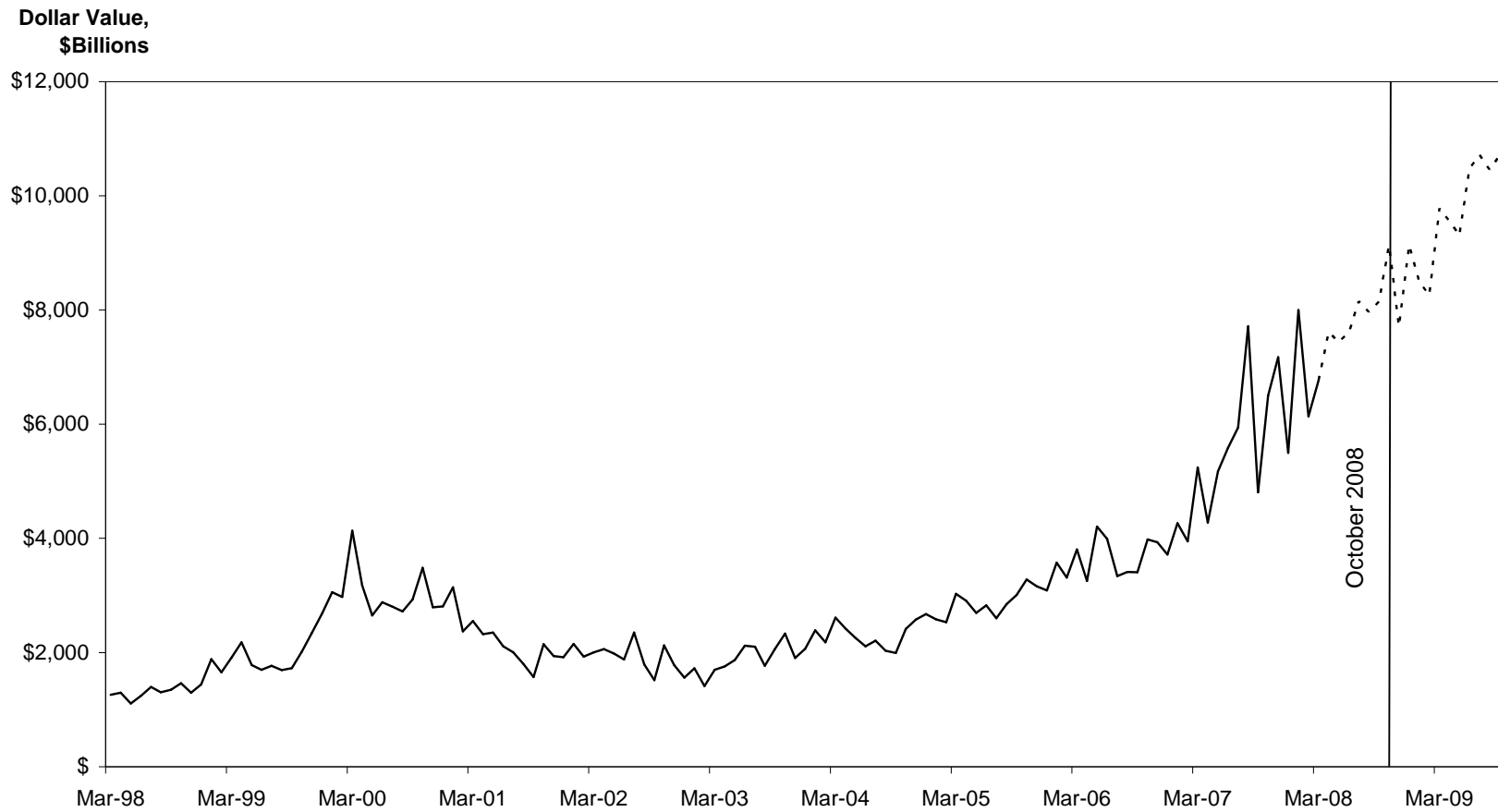
[1]Forecasted line is not smooth because the number of trading days varies by month.