



[SEC File No. 270-236, OMB Control No. 3235-0222]

**Submission for OMB Review; Comment Request; Extension: Rule 17f-1**

Upon Written Request, Copies Available From

Securities and Exchange Commission

Office of FOIA Services

100 F Street NE

Washington, DC 20549-2736

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

Rule 17f-1 (17 CFR 270.17f-1) under the Investment Company Act of 1940 (the "Act") (15 U.S.C. 80a) is entitled: "Custody of Securities with Members of National Securities Exchanges." Rule 17f-1 provides that any registered management investment company ("fund") that wishes to place its assets in the custody of a national securities exchange member may do so only under a written contract that must be ratified initially and approved annually by a majority of the fund's board of directors. The written contract also must contain certain specified provisions. In addition, the rule requires an independent public accountant to examine the fund's assets in the custody of the exchange member at least three times during the fund's fiscal year. The rule requires the written contract and the certificate of each examination to be transmitted to the Commission. The purpose of the rule is to ensure the safekeeping of fund assets.

Commission staff estimates that each fund makes 1 response and spends an average of 3.5 hours annually in complying with the rule's requirements. Commission staff estimates that

on an annual basis it takes: (i) 0.5 hours for the board of directors<sup>1</sup> to review and ratify the custodial contracts; and (ii) 3 hours for the fund's controller to assist the fund's independent public auditors in verifying the fund's assets. Approximately 8 funds rely on the rule annually, with a total of 8 responses.<sup>2</sup> Thus, the total annual hour burden for rule 17f-1 is approximately 28 hours.<sup>3</sup>

Funds that rely on rule 17f-1 generally use outside counsel to prepare the custodial contract for the board's review and to transmit the contract to the Commission. Commission staff estimates the cost of outside counsel to perform these tasks for a fund each year is \$1,130.<sup>4</sup> Funds also must have an independent public accountant verify the fund's assets three times each year and prepare the certificate of examination. Commission staff estimates the annual cost for an independent public accountant to perform this service is \$10,412.<sup>5</sup> Therefore, the total annual cost burden for a fund that relies on rule 17f-1 would be approximately \$11,542.<sup>6</sup> As noted above, the staff estimates that 8 funds rely on rule 17f-1 each year, for an estimated total annualized cost burden of \$92,336.<sup>7</sup>

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study

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<sup>1</sup> Estimates of the number of hours are based on conversations with representatives of mutual funds that comply with the rule; the actual number of hours may vary significantly depending on individual fund assets; the hour burden for rule 17f-1 does not include preparing the custody contract because that would be part of customary and usual business practice.

<sup>2</sup> Based on a review of Form N-17f-1 filings over the last three years the Commission staff estimates that an average of 8 funds rely on rule 17f-1 each year.

<sup>3</sup> This estimate is based on the following calculation: (8 respondents x 3.5 hours = 28 hours); the annual burden for rule 17f-1 does not include time spent preparing Form N-17f-1; the burden for Form N-17f-1 is included in a separate collection of information.

<sup>4</sup> This estimate is based on the following calculation: (2 hours of outside counsel time x \$565 = \$1,130); the staff has estimated the average cost of outside counsel at \$565 per hour, based on information received from funds and their counsel.

<sup>5</sup> This estimate is based on information received from fund representatives estimating the aggregate annual cost of an independent public accountant's periodic verification of assets and preparation of the certificate of examination.

<sup>6</sup> This estimate is based on the following calculation: \$1,130 + \$10,412 = \$11,542.

<sup>7</sup> This estimate is based on the following calculation: (8 funds x \$11,542 = \$92,336).

of the costs of Commission rules. Compliance with the collections of information required by rule 17f-1 is mandatory for funds that place their assets in the custody of a national securities exchange member. Responses 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 control number.

The public may view background documentation for this information collection at the following website: [www.reginfo.gov](http://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](mailto: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](mailto:PRA_Mailbox@sec.gov).

Dated: January 17, 2024.

**Sherry R. Haywood,**

*Assistant Secretary.*

