



SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0214]

Agency Information Collection Activities; Proposed Collection; Comment Request;

Extension: Rule 17a-7 - Exemption of Certain Purchase or Sale Transactions Between an Investment Company and Certain Affiliated Persons Thereof

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 (SEC or “Commission”) is soliciting comments on the proposed collection of information under rule 17a-7 [17 CFR 270.17a-7].¹ Rule 17a-7, as subsequently amended on several occasions, provides an exemption from section 17(a) of the Act for purchases and sales of securities between funds that are affiliated persons² (“first-tier affiliate”) of a registered investment company (“fund”) or an affiliated person of that first-tier affiliate (“second-tier affiliate”), or between a fund and a first- or second-tier affiliate other than another fund, when the affiliation arises solely because of a common investment adviser (or advisers that are affiliated persons of each other), director, or officer. The exemption is subject to conditions intended to eliminate the likelihood of overreaching. The rule permits funds and other companies under common management to trade securities with each other and

¹ See Exemption of Certain Purchase or Sale Transactions Between Affiliated Registered Investment Companies; Investment Company Act Release No. 4697 (Sept. 8, 1966) [31 FR 12092 (Sept. 16, 1966)].

² Under section 2(a)(3) of the Act, “affiliated person” of another person means:

“(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person; (D) any officer, director, partner, copartner, or employee of such other person; (E) if such other person is an investment company, any investment adviser thereof or any member of an advisory board thereof; and (F) if such other person is an unincorporated investment company not having a board of directors, the depositor thereof.”

thus to avoid brokerage commissions.³ The rule also limits the prices at which purchase and sale transactions may occur, to prevent inequitable pricing practices that could harm a participating fund.⁴

Rule 17a-7(e) requires the board of directors of a fund to make, adopt, and approve changes to procedures reasonably designed to ensure that the conditions of the rule have been satisfied for purchases and sales effected in reliance on the rule. In addition, the rule requires that the fund maintain and preserve permanently a written copy of the procedures adopted by the board. Under the rule, the board is required to determine, at least on a quarterly basis, that all affiliated transactions effected during the preceding quarter in reliance on the rule were made in compliance with these established procedures. The rule requires the fund to maintain written records of this board determination and each rule 17a-7 transaction for a period of not less than six years.⁵ The Commission's examination staff uses these records to evaluate for compliance with the rule. Compliance with rule 17a-7 is required to obtain or retain benefits.

We estimate that approximately 446 funds use rule 17a-7 to make cross trades annually.⁶ Based on conversations with fund representatives and the Commission's experience with the use of rule 17a-7, we estimate that the recordkeeping burden of compliance with rule 17a-7 is approximately 5 hours per respondent. This time is spent, for example, maintaining various records of rule 17a-7 transactions and materials connected to the board's determination of compliance. Accordingly, we calculate the total estimated annual internal burden of complying

³ See rule 17a-7(d).

⁴ See rule 17a-7(b).

⁵ Rule 17a-7(g) requires the written record of the affiliated transaction to include the following information: a description of the security purchased or sold, the identity of the person on the other side of the transaction, the terms of the purchase or sale transaction, and the information or materials upon which the board determined that the purchase or sale complied with the procedures set by the board.

⁶ This estimate is based on the average of the number of active registrants/trusts as of December 2023, 2024, and 2025 that indicated on Form N-CEN filings received through March 15, 2026 that at least one of their funds/series rely on rule 17a-7.

with rule 17a-7 to be approximately 2,230 hours. We estimate the annual external costs to be \$1,659,120.

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.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the SEC, including whether the information will have practical utility; (b) the accuracy of the SEC's estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via e-mail to PaperworkReductionAct@sec.gov by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. There will be a second opportunity to comment on this SEC request following the *Federal Register* publishing a 30-Day Submission Notice.

Dated: March 24, 2026.

Sherry R. Haywood,

Assistant Secretary.

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