

MEMO# 21227

June 11, 2007

ICI to Develop Proposal to Modernize Certain Custody Rules Under the Investment Company Act; Conference Call on June 26

[21227]

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TO: ACCOUNTING/TREASURERS COMMITTEE No. 12-07
SEC RULES COMMITTEE No. 49-07 RE: ICI TO DEVELOP PROPOSAL TO MODERNIZE CERTAIN CUSTODY RULES UNDER THE INVESTMENT COMPANY ACT; CONFERENCE CALL ON JUNE 26

As requested by the staff of the Securities and Exchange Commission, the Institute will be developing recommendations to modernize three rules under the Investment Company Act of 1940 relating to the custody of fund assets:

- Rule 17f-1 (custody by a broker-dealer)
- Rule 17f-2 (custody by the fund or a bank affiliated with the fund adviser)
- Rule 17f-6 (custody by a futures commission merchant)

The Institute is forming a working group to assist in the development of a proposal to recommend to the SEC staff. We will hold an initial conference call with members who are interested in participating on the working group. During the call, we will discuss the expected parameters of the project, including possible ways in which these rules should be modernized, and a proposed timeline for the project's completion.

The conference call will be held on Tuesday, June 26 at 2 pm EST. The dial-in number is 888-426-8928 and the passcode is 20192. Please let Barbara Watkins know if you or someone else from your firm plans to participate on the call (bwatkins@ici.org or 202/326-5823). If you cannot participate on the call, but would like to be part of the working group, please contact me directly (rgraham@ici.org or 202/326-5819).

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