

**MEMO# 9792**

March 24, 1998

# **INSTITUTE REQUESTS TEMPORARY SUSPENSION OF COMPLIANCE WITH RULE 17F-5 AMENDMENTS**

1 See Memorandum to SEC Rules Members No. 36-97, Accounting/Treasurers Members No. 18-97, Closed-End Investment Company Members No. 14-97, International Members No. 7-97, and Unit Investment Trust Members No. 14-97, dated May 15, 1997. [9792] March 24, 1998 TO: ACCOUNTING/TREASURERS COMMITTEE No. 16-98 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 8-98 INTERNATIONAL COMMITTEE No. 14-98 SEC RULES COMMITTEE No. 27-98 UNIT INVESTMENT TRUST COMMITTEE No. 11-98 RULE 17f-5 WORKING GROUP RE: INSTITUTE REQUESTS TEMPORARY SUSPENSION OF COMPLIANCE WITH RULE 17f-5 AMENDMENTS

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Attached is a copy of a letter submitted to the staff of the Division of Investment Management requesting that the compliance date of June 16, 1998 for the recent Rule 17f-5 rule amendments be temporarily suspended.<sup>1</sup> The letter states that most funds have not yet brought existing custodial arrangements into compliance with the amended rule because of several problems identified after the rule amendments were adopted with respect to evaluating compulsory depositories. The letter also notes that the Institute and the Association of Custodian Banks plan on submitting to the Commission staff in the near future a package of proposed amendments to Rule 17f-5 designed to provide adequate protection for fund assets while at the same time providing more meaningful and realistic standards by which to measure compulsory depositories. The letter asks that compliance be suspended until some period of time (e.g., six months) after either (i) the Commission has adopted amendments to Rule 17f-5 with respect to compulsory depositories or (ii) the Commission and its staff have had the opportunity to consider our package of proposed amendments to Rule 17f-5 and have publicly determined not to take any further action with respect to the rule. Dorothy M. Donohue Associate Counsel Attachment