

**MEMO# 9828**

April 21, 1998

# **STATUS OF INSTITUTE REQUEST TO SEC REGARDING TEMPORARY SUSPENSION OF COMPLIANCE WITH RULE 17F-5 AMENDMENTS**

\* See Memorandum 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, and Rule 17f-5 Working Group, dated March 24, 1998. [9828] April 21, 1998 TO: ACCOUNTING/TREASURERS COMMITTEE No. 20-98 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 10-98 INTERNATIONAL COMMITTEE No. 18-98 SEC RULES COMMITTEE No. 35-98 UNIT INVESTMENT TRUST COMMITTEE No. 13-98 RULE 17f-5 WORKING GROUP RE: STATUS OF INSTITUTE REQUEST TO SEC REGARDING TEMPORARY SUSPENSION OF COMPLIANCE WITH RULE 17f-5 AMENDMENTS

\_\_\_\_\_ As you know, we recently submitted a letter to the staff of the Division of Investment Management requesting that the compliance date of June 16, 1998 for the recent Rule 17f-5 amendments be temporarily suspended.\* The letter asks that the compliance date 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 a package of proposed amendments to Rule 17f-5 prepared by the Institute and the Association of Global Custodians ("Association") and have publicly determined not to take any further action with respect to Rule 17f-5. While we have not yet received a reply from the Commission staff, we expect to receive one sometime over the next few weeks. In responding to a question regarding the staff's willingness to temporarily suspend Rule 17f-5's compliance date posed at the recent Mutual Funds & Investment Management Conference, Barry P. Barbash, Director of the Division of Investment Management, stated that the staff is aware of the difficulties encountered by investment advisers, investment company directors, and investment company custodians in complying with amended Rule 17f-5's requirements with respect to compulsory depositories and that the staff "was willing to take some sort of action to try to see if we could resolve this [issue]." Of course, the Commission itself must consider and approve any staff recommendation to suspend Rule 17f-5's compliance date. Dorothy M. Donohue Associate Counsel

abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.