

**MEMO# 9961**

May 22, 1998

## **SEC EXTENDS COMPLIANCE DATE FOR RULE 17F-5 AMENDMENTS**

1 See SEC Release No. IC-23201 (May 21, 1998). The extension is effective upon publication of the release in the Federal Register. [9961] May 22, 1998 TO: PRIMARY CONTACTS - MEMBER COMPLEX No. 42-98 SEC RULES COMMITTEE No. 48-98 RULE 17f-5 WORKING GROUP RE: SEC EXTENDS COMPLIANCE DATE FOR RULE 17f-5 AMENDMENTS

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We are pleased to report that, as the Institute requested, the Securities and Exchange Commission has extended the compliance date for the 1997 amendments to Rule 17f-5 under the Investment Company Act of 1940.<sup>1</sup> A copy of the SEC's release announcing the extension is attached. Although the effective date of the amendments remains June 16, 1998, the new compliance date is February 1, 1999, with one exception. The compliance date for the amended definition of an "eligible foreign custodian" remains June 16, 1998. The SEC's release indicates that the extension of the compliance date will give the Commission time to review a proposal to be submitted by the Institute and the Association of Custodian Banks addressing issues related to "compulsory depositories" and determine whether further refinements to the 1997 amendments are needed. It states that until February 1, 1999, a fund may either: ` continue to comply with Rule 17f-5 as it existed before the 1997 amendments (except that it may also select a custodian that is an eligible foreign custodian under the amended definition); or ` comply entirely with Rule 17f-5 as amended by the 1997 amendments. The release specifically notes that a fund may not seek to comply by meeting certain requirements of the old rule and certain requirements of the amended rule (other than the amended definition of eligible foreign custodian). Marguerite C. Bateman Associate Counsel Attachment

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