

MEMO# 1899

May 7, 1990

NO-ACTION LETTERS PERMIT AUSTRALIAN AND SINGAPORE CENTRAL DEPOSITORIES TO ACT AS ELIGIBLE FOREIGN CUSTODIANS

May 7, 1990 TO: SEC RULES COMMITTEE NO. 28-90 INTERNATIONAL FUNDS TASK FORCE
NO. 9-90 RE: NO-ACTION LETTERS PERMIT AUSTRALIAN AND SINGAPORE CENTRAL
DEPOSITORIES TO ACT AS ELIGIBLE FOREIGN CUSTODIANS

In a recent no-action letter, the SEC staff stated that it would not recommend enforcement action if Austraclear Limited, a central depository for Australian money market securities, acts as an "eligible foreign custodian" under subparagraph (c)(2)(iii) of Rule 17f-5 under the Investment Company Act of 1940. Austraclear Limited (pub. avail. January 17, 1990). Rule 17f-5(c)(2)(iii) defines an "eligible foreign custodian" as a "securities depository or clearing agency, incorporated or organized under the laws of a country other than the United States, which operates the central system for handling of securities or equivalent book-entries in that country." The staff's no-action response relied on Austraclear's representation that it operates the only clearing facility in Australia that does not require physical delivery of the underlying security. In The Central Depository (PTE) Ltd (pub. avail. March 27, 1990), the staff granted similar relief to The Central Depository (Pte) Ltd ("CDP"), a wholly-owned subsidiary of the Stock Exchange of Singapore. In indicating that it would not recommend enforcement action to the Commission if CDP acts as an eligible foreign custodian under Rule 17f-5(c)(2)(iii), the staff noted in particular that CDP operates the only central system for handling securities or equivalent book-entries in Singapore. A copy of each of the above no-action letters is attached. Frances M. Stadler Assistant General Counsel Attachments