

**MEMO# 35423**

August 30, 2023

## **SEC Reopens Comment Period for Safeguarding Proposal**

[35423]

August 29, 2023

TO: ICI Members SUBJECTS: Compliance  
Investment Advisers

Operations RE: SEC Reopens Comment Period for Safeguarding Proposal

On August 23, the SEC reopened the comment period for its proposal on Safeguarding Advisory Client Assets ("proposal").<sup>[1]</sup> The proposal would amend and redesignate Rule 206(4)-2 under the Investment Advisers Act ("custody rule") to enhance investor protections relating to the safeguarding of advisory client assets. The proposal would make significant changes to the current custody rule, including expanding its scope, enhancing the custodial protections provided to clients, and updating related recordkeeping and reporting requirements for advisers. ICI submitted a comment letter on the proposal on May 8, 2023.<sup>[2]</sup>

The SEC press release announcing the reopening of the comment period states:

"The reopened comment period will allow interested persons additional time to analyze the issues and prepare comments in light of the final rules and amendments to certain rules under the Investment Advisers Act of 1940 to enhance the regulation of private fund advisers." <sup>[3]</sup>

The comment period will remain open for 60 days following the publication of the reopening release in the Federal Register. ICI is considering whether to submit a supplemental comment letter on the proposal. If you have feedback or comments, please reach out to me ([erica.evans@ici.org](mailto:erica.evans@ici.org)).

Erica Evans  
Assistant General Counsel

**Notes**

[1] Safeguarding Advisory Client Assets, SEC Release No. IA-6240 (Feb. 15, 2023), available at <https://www.sec.gov/files/rules/proposed/2023/ia-6240.pdf>. For more information about the proposal, see ICI Memo 34961, which is available at: <https://www.ici.org/memo34961>.

[2] Comments of the Investment Company Institute, Rel. No. IA-6240; File No. S7-04-23 (May 8, 2023), available at <https://www.ici.org/system/files/2023-05/23-ci-sec-safeguarding-advisory-client-assets.pdf>.

[3] SEC Reopens Comment Period for Enhanced Safeguarding Rule for Registered Investment Advisers Proposal, SEC Press Release (Aug. 23, 2023), available at <https://www.sec.gov/news/press-release/2023-156>.

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.