



PAPERWORK REDUCTION ACT SUPPORTING STATEMENT
for the Revision of
Rule 17f-2
OMB Control Number 3235-0223

The U.S. Securities and Exchange Commission ("Commission" or SEC) submits this information collection request (ICR) pursuant to the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. Section 3501 et seq., with the following justification.

1. Necessity of Information Collection

Rule 17f-2 (17 CFR 270.17f-2), entitled "Custody of Investments by Registered Management Investment Company," establishes safeguards for arrangements in which a registered management investment company or business development company ("fund") is deemed to maintain custody of its own assets, such as when the fund maintains its assets in a facility that provides safekeeping but not custodial services.¹ The rule includes four distinct requirements that are an information collection under the Paperwork Reduction Act. First, fund's directors must prepare a resolution designating not more than five fund officers or responsible employees who may have access to the fund's assets. Secondly, the fund's board must vote to approve this resolution. Third, the designated access persons (two or more of whom must act jointly when handling fund assets) must prepare a written notation providing certain information about each deposit or withdrawal of fund assets and must transmit the notation to another officer or director designated by the directors. Lastly, an independent public accountant must verify the fund's assets three times each year, and two of those examinations must be unscheduled.²

On October 1, 2026, the Commission proposed, among other things, to amend rule 17f-2 to add a reference to business development companies ("BDCs") to clarify that BDCs, like registered investments companies, may rely on rule 17f-2 to custody their securities and similar investments.³

2. Purpose and Use of Information Collection

Rule 17f-2's requirements are designed to safeguard fund assets from loss by requiring certain specific controls when those assets are not placed and maintained in the custody of a bank or other custodian as permitted under section 17(f) of the Investment Company Act of 1940 (15 U.S.C. 80a-17(f)) ("Act") and the rules thereunder. Specifically, the requirement that directors designate access persons is intended to ensure that directors evaluate the trustworthiness of insiders who handle fund assets. The requirements that access persons act jointly in handling fund assets, prepare a written

1 The rule generally requires all assets to be deposited in the safekeeping of a "bank or other company whose functions and physical facilities are supervised by Federal or State authority." 17 CFR 270.17f-2.

2 The accountant must transmit to the Commission promptly after each examination a certificate describing the examination on Form N-17f-2. The preparation and filing of Form N-17f-2, which largely serves as a cover-sheet for the accountant's certification of their audit, is covered by a separate information collection. The third (scheduled) examination may coincide with the annual verification required for every fund by section 30(g) of the Act (15 U.S.C. 80a-29(g)).

3 See Adviser and Regulated Fund Custody Rules; Crypto Custody Rules, Investment Company Act Release No. 36353 (Oct. 1, 2026) [91 FR 63870 (Oct. 6, 2026)] ("Proposing Release").

notation of each transaction, and transmit the notation to another designated person are intended to reduce the risk of misappropriation of fund assets by access persons, and to ensure that adequate records are prepared, reviewed by a responsible third person, and available for examination by the Commission. The requirement that auditors verify fund assets without notice twice each year is intended to provide an additional deterrent to the misappropriation of fund assets and to detect any irregularities. Less frequent examinations by a fund's accountants could impair the ability of the Commission's examination staff to ascertain the fund's compliance with the rule.

3. Use and Consideration of Information Technology

Generally, the information collected under the rule would not be submitted to the Commission. However, the audits required under the rule are submitted to the Commission using the Commission's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR") which provides for the automated filing, processing, and dissemination of full disclosure filings.⁴ The automation provides for speed, accuracy and public availability of information, generating benefits to investors and financial markets. Further, the rule does not generally stipulate any particular method for communicating or preserving the information collected, however the notations required under the rule normally would be prepared and maintained on paper because they are required to appear on consecutively numbered forms. The Electronic Signatures in Global and National Commerce Act⁵ and the conforming amendments to recordkeeping rules under the Investment Company Act permit funds to maintain records electronically.

4. Identifying and Minimizing Duplication

The Commission evaluates reporting requirements for duplication periodically, and whenever a rule or a change in a rule is proposed. Rule 17f-2 does not require recordkeeping or reporting of information available elsewhere. The scheduled verification of the fund's assets required each year by rule 17f-2 may be combined with the annual verification of every fund's assets required by section 30(g) of the Act (15 U.S.C. 80a-29(g)).

5. Effect on Small Entities

The recordkeeping requirements of rule 17f-2 are the same for all funds subject to the rule, including small entities. The Commission believes that the rule's safeguards are necessary to protect fund assets from potential misappropriation or loss by fund insiders and, as a result, does not believe that exempting small funds or otherwise tailoring the provisions of the rule for small funds would permit the Commission to achieve this objective. Further, the rule potentially benefits smaller funds by permitting them to use self-custody procedures under the rule that may be simpler or less expensive than the bank custody arrangements used by most funds.

6. Consequences of Not Conducting Collection and Obstacles to Reducing Burden

The frequency with which the fund prepares notations of transactions under rule 17f-2 depends on circumstances within the control of the fund. Elimination of one or both of the twice-annual unscheduled verifications of fund assets under the rule might lessen the deterrent and detection value of these verifications and increase the risk of misappropriation of fund assets. In addition, less frequent

⁴ This information is submitted via Form N-17f-2.

⁵ P.L. 106-229, 114 Stat. 464 (June 30, 2000).

collection under rule 17f-2 could inhibit the dissemination of timely information to the public and could impair the ability of the Commission's examination staff to ascertain compliance with the rule.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

None.

8. Public Comment and Consultations Outside the Agency

The Commission requested public comment on the collection of information requirements in Rule 17f-2 before it submitted this request for extension and approval to the Office of Management and Budget. The SEC did not receive public comment during the 60-day notice and comment period.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality and Privacy

Not applicable.

11. Collection Questions of a Sensitive Nature

Not applicable.

12. Estimated Time Burden and its Cost Equivalent

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms. Commission staff have previously estimated that the burden of compliance with rule 17f-2 would be 249 hours at a cost of \$84,081 per respondent on an annual basis. Of the 14,125 management investment companies that filed Part C of Form N-CEN, 724 or 5% relied on rule 17f-2. Therefore, of 176 BDCs⁶, we estimate that 9 rely on rule 17f-2. Each BDC will generally provide 974 responses annually for a total of 8,766 additional responses, 2,241 additional burden hours⁷ and \$756,729 additional internal cost burden.⁸

Table 1: Summary of Revised Annual Responses, Burden Hours, and Cost Estimates

IC Title	Annual No. of Responses			Annual Time Burden (Hrs.)			External Cost Burden (\$) ⁹		
	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>
Rule 17f-2	160,710	169,476	8,766	41,085	43,326	2,241	\$10,985,040	\$11,541,015	\$555,975

13. Estimated Additional Cost Burden

Funds relying on rule 17f-2 generally use outside counsel to assist in drafting directors' resolutions. Commission staff have previously estimated the annual cost of these services per fund is

⁶ Based on Refinitiv data as of December 31, 2025

⁷ 9 BDCs relying on the rule x 249 (total annual hourly burden per BDC) = 2,241 hours

⁸ 9 BDCs relying on the rule x \$84,081 = \$756,729

⁹ The external costs of the information collection are discussed below in Item 13.

\$565. In addition, rule 17f-2 requires an independent public accountant to verify the fund's assets three times each year and to prepare and file with the Commission a certificate of examination each time it performs the verification. Commission staff have previously estimated that the cost per fund is \$61,775. Thus, the total additional estimated annual cost to the industry is approximately \$555,975.¹⁰

14. Annual Cost to the Federal Government

Not applicable.

15. Reasons for Changes in Burden Estimates

The estimated total annual hour burden for rule 17f-2 has increased from 41,085 hours to 43,326 hours (an increase of 2,241 hours) and the estimated external costs burden has increased from \$10,985,040 to \$11,541,015 due to the addition of BDCs to the rule.

16. Plans for Publishing Results

Not applicable.

17. Approval to Omit Display of OMB Expiration Date

We are seeking OMB approval to omit the expiration date because the public may find it confusing to see an expiration date on a form, especially when approaching the expiration date.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

Not applicable.

¹⁰ This estimate is based on the following calculation: 9 BDCs x (\$66,011 + \$565) = \$555,975.