



PAPERWORK REDUCTION ACT SUPPORTING STATEMENT
for the Revision of
Rule 17f-4
OMB Control Number 3235-0225

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

Section 17(f) of the Investment Company Act of 1940 (the “Act”)¹ permits registered management investment companies and their custodians to deposit the securities they own in a system for the central handling of securities (“securities depositories”), subject to rules adopted by the Securities and Exchange Commission (“Commission”). Rule 17f-4 under the Act specifies the conditions for the use of securities depositories by funds² and their custodians.³ Rule 17f-4 contains two general conditions. First, a fund’s custodian must be obligated, at a minimum, to exercise due care in accordance with reasonable commercial standards in discharging its duty as a securities intermediary to obtain and thereafter maintain financial assets.⁴ If the fund deals directly with a depository, the depository’s contract or written rules for its participants must provide that the depository will meet similar obligations,⁵ which is a collection of information for purposes of the Paperwork Reduction Act of 1995 (“PRA”).⁶ Second, the custodian must provide, promptly upon request by the fund, such reports as are available about the internal accounting controls and financial strength of the custodian.⁷ If a fund deals directly with a depository, the depository’s contract with or written rules for its participants must provide that the depository will provide similar financial reports, which is a collection of information

¹ 15 U.S.C. 80a.

² As amended in 2003, rule 17f-4 permits any registered investment company, including a unit investment trust or a face-amount certificate company, to use a security depository. *See* Custody of Investment Company Assets With a Securities Depository, Investment Company Act Release No. 25934 (Feb. 13, 2003) (68 FR 8438 (Feb. 20, 2003)). The term “fund” or “fund series” is used in this Supporting Statement to mean a series of a registered investment company.

³ 17 CFR 270.17f-4.

⁴ Rule 17f-4(a)(1). This provision incorporates into the rule the standard of care provided by section 504(c) of Article 8 of the Uniform Commercial Code when the parties have not agreed to a standard. Rule 17f-4 does not impose any substantive obligations beyond those contained in Article 8. Uniform Commercial Code, Revised Article 8 -- Investment Securities (1994 Official Text with Comments) (“Revised Article 8”). This obligation does not contain a collection of information because it does not impose identical reporting, recordkeeping or disclosure requirements. Funds and custodians may determine the specific measures the custodian will take to comply with this obligation. Moreover, the rule does not impose any requirement regarding evidence of the obligation.

⁵ Rule 17f-4(b)(1)(i).

⁶ 44 U.S.C. 3501-3520.

⁷ Rule 17f-4(a)(2).

under the PRA.⁸ If a fund deals directly with a securities depository, rule 17f-4 also requires that the fund implement internal control systems reasonably designed to prevent an unauthorized officer's instructions (by providing at least for the form, content, and means of giving, recording, and reviewing all officers' instructions).⁹

On October 1, 2026, the Commission proposed, among other things, to amend rule 17f-4 to add a reference to business development companies ("BDCs") to clarify that BDCs, like registered investments companies, may rely on rule 17f-4 to custody their securities and similar investments.¹⁰

2. Purpose and Use of Information Collection

The general purpose of rule 17f-4 is to enable funds to participate, with minimum risks, in the potential benefits incident to the deposit of assets in securities depositories. The conditions a fund must satisfy in order to rely on rule 17f-4, including the collections of information, are designed to assure that the fund's own custodian or securities depository will comply with the specified duties of a securities intermediary or issuer under Revised Article 8 of the Uniform Commercial Code.¹¹ This assurance is important because Revised Article 8 sharply limits the ability of a fund to seek recourse from any party other than its own custodian for assets mishandled by the custodian.¹²

3. Use and Consideration of Information Technology

Rule 17f-4 permits funds to take advantage of information technology that enables the securities industry to handle a large volume of securities transactions without physical delivery of securities. Custodians also may use electronic data transmissions to funds to meet the reporting requirement. This rule does not require information systems; hence, start-up and maintenance costs required for this rule are zero.

4. Identifying and Minimizing Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication and reevaluates them whenever it proposes a rule or a change in a rule. Rule 17f-4 does not require duplicative reporting or recordkeeping.

⁸ Rule 17f-4(b)(1)(ii).

⁹ Rule 17f-4(b)(2).

¹⁰ *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").

¹¹ The securities intermediary's duties under commercial law include: (i) maintaining sufficient unencumbered financial assets to cover all security entitlements of all entitlement holders, *see* Revised Article 8, 10, § 8-504; (ii) obtaining for the entitlement holder payments made by the issuer of a financial asset, *see id.*, § 8-505; (iii) exercising rights with respect to a financial asset (such as the right to vote proxy materials) as directed by the holder, *see id.*, § 8-506; (iv) complying with orders given by the holder concerning financial assets (such as to dispose of entitlements), *see id.*, § 8-507; and (v) changing the holder's entitlement into another available form of holding upon request (such as converting it into a security certificate in a direct holding arrangement), *see id.*, § 8-508. A transfer agent may be subject to the duties of an issuer under commercial law. *See, e.g.*, Revised Article 8, § 8-207 (duties of issuer concerning registered owner); § 8-401 (duty of issuer to register transfer).

¹² *See* Revised Article 8, §§ 8-116, 8-502, 8-503 and cmts. 2-3, 8-510 (providing that adverse claims may not be asserted against a purchaser who acquires a security entitlement for value and without notice of the adverse claims; an entitlement holder may assert a claim against a purchaser other than its securities intermediary only if its own intermediary is insolvent and lacks sufficient assets to satisfy its claims, and the purchaser knowingly colluded with the intermediary to violate duties to the holder).

5. Effect on Small Entities

Rule 17f-4 specifies the conditions for the use of securities depositories by all funds regardless of the size of the fund, or the size of its custodian or securities depository. The risks accompanying a fund's use of a securities depository do not vary based on the size of the entity involved.

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

Rule 17f-4 requires periodic reporting by the custodian or securities depository to the fund of internal accounting controls and financial strength. This information assures that the fund assets are safe and secure and assists the Commission in implementing its examination program.

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

Not applicable.

8. Public Comment and Consultations Outside the Agency

The Commission requested public comment on the collection of information requirements in Rule 17f-4 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. Before adopting the proposed amendments to rule 17f-4, the Commission will receive and evaluate public comments on the proposal and its collection of information requirements.

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 PRA. The estimate is not derived from a comprehensive or even representative survey or study of Commission rules.

Commission staff have previously estimated that for a fund that deals directly with a securities depository each transmission of a report would take approximately 7 minutes at a cost of approximately \$116 per hour. Of the 14,125 management investment companies that filed Part C of Form N-CEN, 363 or 2.5% relied on rule 17f-4. Therefore, of 176 BDCs, we estimate that 5 rely on rule 17f-4. Each BDC will generally provide 2 responses annually for a total of 10 additional responses and 1.2 additional burden hours¹³ and \$139 additional internal cost burden.¹⁴

13 10 additional responses x 7 minutes per response = 70 minutes (1.2 hours).

14 1.2 hours x \$116 per hour = \$139.2.

**Table 1: Summary of Revised Annual Responses, Burden Hours, and Burden Hour Costs
Estimates for Each Rule 17f-4 Information Collection (“IC”)**

IC Title	Annual No. of Responses			Annual Time Burden (Hrs.)			External Cost Burden (\$)¹⁵		
	<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-4	21,504	21,514	10	3,148	3,149	1			

13. Estimated Additional Cost Burden

Commission staff believes that compliance with rule 17f-4 does not require special start-up costs or other capital expenditures, because electronic systems and other resources needed to comply with the rule are essential to doing business as a custodian, agent, fund, or securities depository. Rule 17f-4 does not impose any paperwork related cost burden not discussed in Item 12 above.

14. Annual Cost to the Federal Government

Not applicable.

15. Reasons for Changes in Burden Estimates

The estimated total annual burden for rule 17f-4 has increased from 3,148 hours to 3,149 hours. The increase in hours is due to the addition of BDCs to the rule. We continue to estimate no external cost associated with this information collection.

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.

¹⁵ The external costs of the information collection are discussed below in Item 13.