U.S. Securities and Exchange Commission

PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Extension of
Rule 17f-7
OMB Control Number 3235-0529

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 7 under the Investment Company Act of 1940 (the "Act") governs the custody of the assets of registered management investment companies ("funds") with a foreign securities depository outside the United States. Rule 17f-7 permits a fund under certain conditions to maintain its foreign assets with an eligible securities depository, which has to meet minimum standards for a depository. The fund or its investment adviser generally determines whether the depository complies with those requirements based on information provided by the fund's primary custodian (a bank that acts as global custodian). The depository custody arrangement also must meet certain conditions. The fund or its adviser must receive from the primary custodian (or its agent) an initial risk analysis of the depository arrangements, and the fund's contract with its primary custodian must state that the custodian will monitor risks and promptly notify the fund or its adviser of material changes in risks. The primary custodian and other custodians also are required to agree to exercise at least reasonable care, prudence, and diligence.

2. Purpose and Use of Information Collection

The collection of information requirements in rule 17f 7 are intended to provide workable standards that protect funds from the risks of using foreign securities depositories while assigning appropriate responsibilities to the fund's primary custodian and investment adviser based on their

capabilities. The requirement that the foreign securities depository meet specified minimum standards is intended to ensure that the depository is subject to basic safeguards deemed appropriate for all depositories. The requirement that the fund or its adviser must receive from the primary custodian (or its agent) an initial risk analysis of the depository arrangements, and that the fund's contract with its primary custodian must state that the custodian will monitor risks and promptly notify the fund or its adviser of material changes in risks, is intended to provide essential information about custody risks to the fund's investment adviser as necessary for it to approve the continued use of the depository. The requirement that the primary custodian agree to exercise reasonable care is intended to provide assurances that its services and the information it provides will meet an appropriate standard of care.

3. Use and Consideration of Information Technology

Although rule 17f-7 does not require the filing of any documents with the Commission, rule 31a 2(f) under the Act permits funds to maintain many types of records on micrographic and electronic storage media.

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-7 does not require duplicative reporting or recordkeeping.

5. Effect on Small Entities

The current requirements do not distinguish between small entities and other entities. The proportionate burden on small entities may be greater than for larger entities due to economies of scale. This burden would include, for example, the preparation of a risk analysis and ongoing risk monitoring. The Commission considered special requirements for small entities. The Commission believes, however, that imposing different requirements on smaller entities would not be consistent with investor protection. The Commission reviews all rules periodically, as required by the Regulatory Flexibility

Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

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

Rule 17f-7's reporting requirements apply only upon the occurrence of material changes in the custody risks associated with maintaining the fund's assets with a foreign securities depository. Some custody arrangements, such as arrangements with less established foreign depositories, may require more frequent reporting than other arrangements. Less frequent collection could lead to increased risks related to foreign custody arrangements.

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

The collection is not inconsistent with 5 CFR 1320.5(d)(2).

8. Public Comment and Consultations Outside the Agency

The Commission and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the fund industry through public conferences, meetings, and informal exchanges. These various forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens confronting the industry. The Commission requested public comment on the collection of information requirements of rule 17f-7 before it submitted this request for extension and approval to the Office of Management and Budget ("OMB"). The Commission received no comments in response to its request.

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 following estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act of 1995[1] and are not derived from a comprehensive or even representative survey or study of the costs of Commission rules and forms. Compliance with the collection of information requirements of rule 17f-7 is necessary to obtain the benefit of relying on the rule's permission for funds to maintain their assets in foreign custodians. No assurance of confidentiality is provided.

The burden hour estimate is based on consultations with industry representatives and on the Commission's experience. The number of burden hours may vary depending on, among other things, the number of foreign custodians. The staff estimates that each of approximately 1,264 investment advisers[2] will make an average of 8 responses annually under the rule to address depository compliance with minimum requirements, any indemnification or insurance arrangements, and reviews of risk analyses or notifications.[3] The staff estimates each response will take 6 hours, requiring a total of approximately 48 hours for each adviser.[4] Thus the total annual burden associated with these requirements of the rule is approximately 60,672 hours.[5] Assuming an estimated wage rate of approximately $381 per hour,[6] the total internal cost to the industry is approximately $23,116,032 to

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1 44 U.S.C. 3501 – 3521.

2 From a review of the Form N-CEN filings as of September 16, 2025, the Commission staff estimated that 1,264 registered investment advisers managed or sponsored open-end registered funds (including exchange-traded funds) and closed-end registered funds.

3 1,264 advisers x 8 responses = 10,112 responses.

4 8 responses per adviser x 6 hours per response = 48 hours per adviser.

5 1,264 advisers x 48 hours per adviser = 60,672 hours.

6 The Commission's estimated relevant wage rates are from SIFMA's Management & Professional Earnings in the Securities Industry 2013, and modified by the Commission staff in 2024 to account for an 1800-hour work-year and inflation and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. These estimates yield effective hourly wage figures for compliance managers and trust administrators of $381 and $287, respectively.

comply this aspect of the rule.[7]

In addition, based on public filings made with the Commission, we calculate that there are approximately 87 global custodians that are engaged to perform global custodial services to funds and thus subject to the provisions of rule 17f-7.[8] This estimate is based on information that is publicly available on Form N-CEN filings.[9] The staff further estimates that during each year, each of the approximately 87 global custodians will make an average of 4 responses to analyze custody risks and provide notice of any materials changes to custody risks under the rule.[10] The staff estimates that each response will take 260 hours, requiring approximately 1,040 hours annually per global custodian.[11] Thus the total annual burden associated with this aspect of the rule is approximately 90,480 hours.[12] Assuming an estimated wage rate of approximately $287 per hour, the total internal cost to the industry is approximately $25,967,760 to comply with this aspect of the rule.[13]

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7 60,672 hours x $381 per hour (wage rate for compliance managers) = $23,116,032.

8 We analyzed Form N-CEN filings for registrants as of September 15, 2025 and based on these filings, we calculated the number of global custodians that have been retained by funds and are subject to the provisions of rule 17f-7 to be 87.

9 *See* Item C.12.a.vii.7 of Form N-CEN.

10 87 custodians x 4 responses =348 responses.

11 260 hours per response x 4 responses per global custodian = 1,040 hours per global custodian.

12 87 global custodians x 1,040 hours per global custodian = 90,480 hours.

13 90,480 hours x $287 per hour (wage rate for trust administrators) = $25,967,760.

The total annual hour burden associated with all collection of information requirements of the rule is therefore 151,152 hours,[14] and the total internal cost to the industry of the hour burden is approximately $49,083,792.[15] Information related to the estimated total burden is summarized in the table below.

Summary of Revised Annual Responses, Burden Hours, and Cost Estimates

IC Title	Annual No. of Responses			Annual Time Burden (Hrs.)			External Cost to Respondents ($)		
	Previously approved	*Requested*	*Change*	*Previously approved*	*Requested*	*Change*	*Previously approved*	*Requested*	*Change*
Rule 17f-7 – Investment Adviser Requirements	11,560	10,112	1,448	69,360	60,672	-8,688	0	0	0
Rule 17f-7 – Global Custodian Requirements	152	348	196	39,520	90,480	50,960	0	0	0
Rule 17f-7 - TOTAL	**11,712**	**10,460**	-1,644	**108,880**	**151,152**	+42,272	0	0	0

13. Estimated Additional Cost Burden

Cost burden is the cost of services purchased to comply with rule 17f-7, such as for the services of computer programmers or outside legal counsel. The external cost burden does not include the internal cost of the hour burden discussed in Item 12 above. Estimates are based on the Commission's

[14] 60,672 hours + 90,480 hours = 151,152 hours.

[15] $23,116,032 + $25,967,760 = $49,083,792.

experience. As reflected in the table above, the Commission currently attributes no external cost burden to rule 17f-7.

14. Annual Cost to the Federal Government

Not applicable. There is no requirement to report the information collection(s) to the SEC.

15. Reasons for Changes in Burden

The estimated hourly burden associated with rule 17f-7 has increased from 108,880 to 151,152 (an increase of 42,272 hours). The increase is due to an increase in the estimate of the number of global custodians making responses under rule 17f-7.

16. Plans for Publishing Results

The results of any information collection will not be published.

17. Approval to Omit Display of OMB Expiration Date

The Commission is not seeking approval to not display the expiration date for OMB approval.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

The Commission is not seeking an exception to the certification statement.