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FRANKLIN FLOATING RATE TRUST

Form 40-17F2

May 14, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-17F-2

CERTIFICATE OF ACCOUNTING OF SECURITIES AND SIMILAR INVESTMENTS IN THE
CUSTODY OF MANAGEMENT INVESTMENT COMPANIES

PURSUANT TO RULE N-17F-2

1. Investment Company Act File Number: 811-08271 Date Examination completed: July 5, 2006

2. State Identification Number:

| | | | | | |
|----|----|----|-------------|----|----|
| AL | AK | AZ | AR | CA | CO |
| CT | DE | DC | FL | GA | HI |
| ID | IL | IN | IA | KS | KY |
| LA | ME | MD | MA | MI | MN |
| MS | MO | MT | NE | NV | NH |
| NJ | NM | NY | NC | ND | OH |
| OK | OR | PA | RI | SC | SD |
| TN | TX | UT | VT | VA | WA |
| WV | WI | WY | PUERTO RICO | | |

3. Exact name of investment company as specified in registration statement:

FRANKLIN FLOATING RATE TRUST

4. Address of principal executive office: (number, street, city, state, zip code)

One Franklin Parkway San Mateo, CA 94403

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of

Franklin Templeton Fund Allocator Series
Franklin Strategic Series
Franklin Floating Rate Trust
Franklin Real Estate Securities Trust
Franklin Multi-Income Trust

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance with Certain Provisions of the Investment Company Act of 1940, about the funds' (hereafter referred to as the "Funds") compliance (see Attachment I) with the requirements of subsections (b) and (c) of Rule 17f-2 under the Investment Company Act of 1940 ("the Act") as of February 29, 2004. Management is responsible for the Funds' compliance with those

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requirements. Our responsibility is to express an opinion on management's assertion about the Funds' compliance based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included examining, on a test basis, evidence about the Funds' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of February 29, 2004, and with respect to agreement of security purchases and sales, for the periods indicated in Attachment I:

- o Inspection of the records of Franklin Templeton Investors Services, LLC as they pertain to the security positions owned by the Funds and held in book entry form.
- o Reconciliation of such security positions to the books and records of the Funds.
- o Agreement of a sample of security purchases and sales since our last report to the books and records of the Funds.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Funds' compliance with specified requirements.

In our opinion, management's assertion that the Funds were in compliance with the requirements of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of February 29, 2004 with respect to securities reflected in the investment accounts of the Funds is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Trustees, management, and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
San Francisco, California
July 5, 2006

MANAGEMENT STATEMENT REGARDING COMPLIANCE WITH CERTAIN PROVISIONS OF THE INVESTMENT COMPANY ACT OF 1940

We, as members of management of the Franklin Templeton Funds indicated in Attachment I (the "Funds"), are responsible for complying with the requirements of subsections (b) and (c) of Rule 17f-2, "Custody of Investments by Registered Management Investment Companies," of the Investment Company Act of 1940. We are also responsible for establishing and maintaining effective internal controls over compliance with those requirements. We have performed an evaluation of the Funds' compliance with the requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of February 29, 2004, and for the periods indicated in Attachment I.

Based on this evaluation, we assert that the Funds were in compliance with the

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requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of February 29, 2004, and for the periods indicated in Attachment I, with respect to securities reflected in the investment accounts of the Funds.

By:

/s/ Galen G. Vetter

GALEN G. VETTER
CHIEF FINANCIAL OFFICER
June 21, 2006

Date

/s/ Jimmy D. Gambill

JIMMY D. GAMBILL
SENIOR VICE PRESIDENT AND CHIEF EXECUTIVE
OFFICER-FINANCE AND ADMINISTRATION

June 26, 2006

Date

ATTACHMENT I

FUND

PERIODS COVERED

FRANKLIN TEMPLETON FUND ALLOCATOR SERIES:

| | |
|---|---------------------------------------|
| Franklin Templeton Conservative Target Fund | October 31, 2003 - February 29, 2004 |
| Franklin Templeton Moderate Target Fund | October 31, 2003 - February 29, 2004 |
| Franklin Templeton Growth Target Fund | October 31, 2003 - February 29, 2004 |
| Franklin Templeton Corefolio Allocation Fund | December 31, 2003 - February 29, 2004 |
| Franklin Templeton Founding Funds Allocation Fund | December 31, 2003 - February 29, 2004 |

FRANKLIN STRATEGIC SERIES:

| | |
|---------------------------------------|--|
| Franklin Aggressive Growth Fund | September 30, 2003 - February 29, 2004 |
| Franklin U.S. Long-Short Fund | September 30, 2003 - February 29, 2004 |
| Franklin Natural Resources Fund | September 30, 2003 - February 29, 2004 |
| Franklin Biotechnology Discovery Fund | September 30, 2003 - February 29, 2004 |
| Franklin Blue Chip Fund | September 30, 2003 - February 29, 2004 |
| Franklin Global Health Care Fund | September 30, 2003 - February 29, 2004 |

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| | |
|-------------------------------------|--|
| Franklin Global Communications Fund | September 30, 2003 - February 29, 2004 |
| Franklin Strategic Income Fund | September 30, 2003 - February 29, 2004 |
| Franklin Flex Cap Growth Fund | September 30, 2003 - February 29, 2004 |
| Franklin Technology Fund | September 30, 2003 - February 29, 2004 |
| Franklin Small Cap Growth Fund II | September 30, 2003 - February 29, 2004 |
| Franklin Small-Mid Cap Growth Fund | September 30, 2003 - February 29, 2004 |

FRANKLIN REAL ESTATE SECURITIES TRUST:

| | |
|--------------------------------------|--------------------------------------|
| Franklin Real Estate Securities Fund | October 31, 2003 - February 29, 2004 |
|--------------------------------------|--------------------------------------|

FRANKLIN FLOATING RATE TRUST

September 30, 2006 - February 29, 2004

FRANKLIN MULTI-INCOME TRUST

August 31, 2003 - February 29, 2004