



1401 H Street, NW, Washington, DC 20005-2148, USA
202/326-5800 www.ici.org

Paul Schott Stevens, PRESIDENT AND CEO

202/326-5901 FAX: 202/326-5806
paul.stevens@ici.org

June 14, 2016

The Honorable Thad Cochran
Chairman, Committee on Appropriations
S-128, U.S. Capitol
Washington, DC 20510

The Honorable Barbara Mikulski
Vice Chairwoman, Committee on Appropriations
S-128, U.S. Capitol
Washington, DC 20510

The Honorable John Boozman
Chairman, FSGG Subcommittee
125 Hart Senate Office Building
Washington, DC 20510

The Honorable Christopher Coons
Ranking Member, FSGG Subcommittee
125 Hart Senate Office Building
Washington, DC 20510

Re: Provision on Online Delivery of Fund Shareholder Reports in FSGG Appropriations Bill

Dear Senators:

I am writing on behalf of the Investment Company Institute¹ to oppose including language in the Financial Services and General Government appropriations bill that would prohibit funding to implement the SEC's proposed rule 30e-3. We strongly support the SEC's proposal which would make it easier to deliver semi-annual shareholder reports to fund investors electronically.

ICI members—mutual funds and other registered investment companies (“registered funds”)—are the investment vehicles of choice for millions of Americans seeking to buy a home, pay for college, or plan for financial security in retirement. SEC proposed rule 30e-3 would provide substantial cost savings to registered fund investors and allow for innovation that takes advantage of technology for the benefit of investors—all while ensuring that funds honor shareholder delivery preferences. We estimate that the

¹The Investment Company Institute (ICI) is a leading global association of regulated funds, including mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and similar funds offered to investors in jurisdictions worldwide. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. ICI's U.S. fund members manage total assets of \$17.8 trillion and serve more than 90 million U.S. shareholders.

proposed rule would create significant cost savings for fund shareholders—close to \$2 billion over the next 10 years.²

Importantly, the SEC's proposal would preserve the option for fund shareholders to continue receiving paper reports. Under the proposed rule, every mutual fund shareholder would receive a paper notice each time a semi-annual shareholder report is available. The paper notice would include the location of the shareholder report online, as well as a toll-free number that an investor could call to opt into receiving paper shareholder reports free of charge. The SEC's proposed rule therefore would accommodate the preferences of *all* investors, while providing substantial cost savings to fund shareholders.

We commend the SEC for recognizing and seeking to capitalize on the advantages that technology can offer given that many investors now prefer enhanced availability of information on the Internet. Unlike the general population, almost all mutual fund investors have Internet access. A 2015 ICI survey found that 91 percent of U.S. households owning mutual funds had Internet access, with widespread use among various age groups, education levels and income levels.³

For these reasons, we urge you to oppose efforts to prohibit the SEC from moving forward with proposed rule 30e-3.

Sincerely,



Paul Schott Stevens
President & CEO
Investment Company Institute

cc: Members of the Appropriations Committee

² ICI estimates that proposed rule 30e-3 could save fund investors \$101 million in the first year of the rule and \$182 million annually thereafter. See Letter from Paul Schott Stevens, President and CEO, Investment Company Institute, to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission, dated March 14, 2016, available at <https://www.sec.gov/comments/s7-08-15/s70815-581.pdf>, at n. 14.

³ See Burham, Kimberly, Michael Bogdan & Daniel Schrass, *Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2015*, ICI Research Perspective 21, no. 5 (November), available at www.ici.org/pdf/per21-05.pdf, at p. 20.