



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

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

March 16, 2016

The Honorable Chris Van Hollen Ranking Member, Committee on the Budget 207 Cannon House Office Building Washington, DC 20515

Dear Ranking Member Van Hollen:

On behalf of more than 90 million investors in U.S. mutual funds, I am writing, once again, to convey the Investment Company Institute's (ICI) strong objection to any effort to advance a financial transaction tax (FTT) as part of a House Democratic Budget Alternative.

Quite frankly, an FTT is a terrible idea. It would harm all investors, especially middle-income American workers saving for retirement. We have yet to see a FTT proposal that would not hurt Main Street nor weaken our capital markets.

Mutual fund investors would pay an FTT at multiple levels: when they purchase shares; as the fund puts the investors' money to work (purchasing stocks, reinvesting dividends); if the fund sells securities to meet shareholder redemptions; and again when investors redeem their fund shares. There is no question that an FTT will hinder the efforts of average Americans to save for retirement, education, and to achieve financial security.

Even if an FTT had an ostensibly low rate, its impact on investors would be substantial. ICI estimates that a 10 basis point FTT would have reduced returns of long-term mutual funds by nearly \$25 billion—or 19 basis points—in 2015.

As we have done previously, the Institute urges you to reject a FTT as part of any budget resolution. Thank you again for your consideration of these serious concerns.

Sincerely,

cc: House Members

The 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 \$16.9 trillion and serve more than 90 million U.S. shareholders.