

June 21, 2016

The Honorable Paul Ryan
Speaker
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
H-204, U.S. Capitol
Washington, DC 20515

Re: Oppose the Poliquin amendment prohibiting the SEC from promoting e-delivery of fund shareholder reports

Dear Speaker Ryan and Leader Pelosi:

I am writing on behalf of the Investment Company Institute¹ to express our opposition to the Poliquin amendment to 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 save mutual fund investors billions of dollars by facilitating electronic delivery of annual and semi-annual shareholder reports to fund investors.

ICI members - mutual funds and other registered investment companies - 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 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 proposed rule would create significant cost savings for fund shareholders—close to \$2 billion over the next 10 years² while saving approximately 2 million trees annually.³

¹ 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 \$17.8 trillion and serve more than 90 million U.S. shareholders.

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 1.87 million trees = [240 million shareholder reports per year * (114 page average report length / 1.75 to account for reports with double-sided pages)] / 8,333 pages in a tree. We base the average shareholder report length of 114 pages on our review of reports of funds representing approximately one-quarter of mutual fund industry assets under management.

The Honorable Paul Ryan
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Page 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 shareholder report is available. The paper notice would include the location of the shareholder report online and a toll-free number that investors could call to receive paper shareholder reports free of charge in perpetuity. 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. 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.⁴

Accordingly, we urge all members of the House of Representatives to vote against the Poliquin amendment to the FSGG appropriations bill that would prohibit funding to implement the SEC's proposed rule 30e-3. Please feel free to contact me or ICI Co-heads of Government Affairs Dean Sackett and Don Auerbach (202 326 5800) if you have questions.

Sincerely,



Paul Schott Stevens
President & CEO
Investment Company Institute

cc: Members of the House of Representatives

Our estimation of 8,333 pages per tree comes from Conservatree statistics available at <http://conservatree.org/learn/EnviroIssues/TreeStats.shtml>.

⁴ 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.