

FEBRUARY 12, 2020

## ICI Continues Its Work on Disclosure Improvements

BY PAUL SCHOTT STEVENS

*The following ICI Viewpoints is a letter to the New York Times by Paul Schott Stevens, ICI president and CEO, in response to an article published on February 4, 2020. The Times **published** an edited, shortened version of the letter:*

Arthur Levitt claims that the Investment Company Institute (ICI) asked the Securities and Exchange Commission (SEC) to “water down” disclosure requirements (“**Mutual Funds Are Still Keeping Secrets**,” Op-Ed, Section A, Page 23, Feb. 4).

That’s false. ICI worked for years with the SEC to modernize shareholder report delivery to help save shareholders millions of dollars every year. Notice and access achieves this goal and helps improve communication by supplying shareholders with disclosures in a format that is engaging, easy to understand, and provides access to more information.

In 2021, funds may notify shareholders of the availability of their semiannual and annual report. The notice must include a direct link to the applicable report and instructions on how a shareholder can receive, free of charge, a paper copy. Funds also deliver annually a summary prospectus, which includes a link to the full prospectus.

ICI continues to work with the SEC to allow funds to use a summary shareholder report, mirroring the design of the successful summary prospectus. The summary would include the most important information from the full shareholder report, detailed enough for shareholders to glean key information about their funds and compare them with others, while short enough to increase the likelihood shareholders will read it. It also includes a link to the full report.

We tested the prototype with more than 1,200 fund shareholders and found that shareholders in all age and income groups found the summary report appealing and demonstrated a good grasp of its content.

Levitt seems to measure disclosures by their number and complexity rather than their usefulness. ICI, by contrast, is working with the SEC to help funds provide communications that are effective and user-friendly—and in the form shareholders prefer. Better disclosure at less expense to shareholders means our approach is better.

Paul Schott Stevens  
President and CEO  
Investment Company Institute