

What They Are Saying: SEC's "Swing Pricing" Proposal is "Harmful"

Investment Company Institute



"[T]he SEC's liquidity, swing pricing, and hard close proposal would seriously harm the more than 100 million Americans who use mutual funds to invest for their financial future... 68% of mutual fund-owning households earn less than \$150,000 annually. We cannot support this costly proposal, as it would deny mutual fund investors a level playing field. ICI urges the Commission to put investors over academic theories and one-size-fits-all requirements." *Investment Company Institute, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

American Council of Life Insurers & the Committee of Annuity Insurers



"[I]t is highly questionable whether the SEC has a lawful basis to adopt a swing pricing/hard close framework for the variable contract sector. ...The absence of any substantive discussion or analysis related to variable products...is fatal to the Proposal insofar as it would apply to variable contracts." *American Council of Life Insurers & The Committee of Annuity Insurers, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

American Bankers Association



"The hard close requirement will create additional costs... Every level in the intermediary system, from the community bank's trust department to the largest money center institutions, will necessarily incur costs to adjust to the new requirements, which may be reflected in increased expenses for their customers." *American Bankers Association, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

American Retirement Association



"The ARA believes that if the proposed Hard Close is adopted, plan fiduciaries acting in the best interest of plan beneficiaries may move plan investments to bank investment funds exempt of the Investment Company Act in order to avoid the dislocations of the rule." *American Retirement Association, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

Better Markets



“Its implementation [swing pricing and a ‘hard close’] could also raise other, potentially more significant investor protection issues.” *Better Markets, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

Center for Capital Markets Competitiveness



“Swing pricing will act as a hidden fee on shareholders. In addition, retail shareholders will need to keep track of a myriad of cutoff times depending on the new procedures adopted by their intermediary and their geographic location. This increased complexity will hurt retail shareholders the most...” *Center for Capital Markets Competitiveness, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

College Savings Foundation



“The Commission’s discussion does not mention 529 Plans at all, and the economic analysis completely ignores the proposal’s impact on the more than 15 million 529 Plan accounts and over \$400 billion assets held in 529 plans...Ultimately, these costs will be absorbed either by taxpayer, or more likely by Americans trying to provide an education for their child or a better life for a disabled relative.” *College Savings Foundation, Comment Letter to the Securities and Exchange Commission, February 13, 2023*

Consumer Federation of America



“In addition, we urge the Commission to dispense with the hard close implementation of swing pricing and forego any approach that causes retail investors, particularly those who are saving for a secure and dignified retirement, to disproportionately shoulder any costs and delays associated with liquidity risk management.” *Consumer Federation of America, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

ERISA Industry Committee



“If the Commission does not withdraw the rule, the hard close requirement should be made inapplicable to transactions involving retirement plans.” *ERISA Industry Committee, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

Insured Retirement Institute



“The proposal’s hard close requirement will have extensive negative impacts on investors [and] suffers from many of the same problems as the failed 2003 hard close proposal.” *Insured Retirement Institute, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

Securities Industry and Financial Markets Association



“We strongly oppose the adoption of the Proposal ... The Commission could also undertake more substantive industry engagement through roundtable discussions and concept releases in order to validate its assumptions and identify potential unintended consequences.” *Securities Industry and Financial Markets Association, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

SIFMA Asset Management Group



“[T]he proposed requirements for a hard close and mandatory swing pricing, which would fundamentally change the U.S. mutual fund ecosystem and disadvantage mutual fund investors, particularly retail investors, who purchase and redeem fund shares through intermediaries and retirement savings plans.” *SIFMA Asset Management Group, Comment Letter to the Securities and Exchange Commission, February 14, 2023*

Society of Professional Asset-Managers and Record Keepers



“A hard close would result in a massive diversion of resources from improving the defined contribution system and would undermine bipartisan improvements such as SECURE 2.0.” *Society of Professional Asset-Managers and Record Keepers, Comment Letter to the Securities and Exchange Commission, February 14, 2023*
