

MEMO# 23540

June 12, 2009

ICI Comments On FINRA Proposal To Require Members To Send Account Statements Monthly Rather Than Quarterly

[23540]

June 12, 2009

TO: BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 21-09 RE: ICI
COMMENTS ON FINRA PROPOSAL TO REQUIRE MEMBERS TO SEND ACCOUNT STATEMENTS
MONTHLY RATHER THAN QUARTERLY

As we previously informed you, [\[1\]](#) as part of its process to consolidate the NASD's and NYSE's rules relating to customer account statements, FINRA has proposed a new rule, FINRA Rule 2231, that would require each general securities member to send customer account statements monthly, instead of quarterly. In response to their request for comment on this proposed rule, the Institute has filed the attached comment letter recommending that mutual fund accountholders continue to receive quarterly statements.

The letter supports this recommendation by noting that Rule 10b-10 permits the use of quarterly confirmations in connection with transactions effected pursuant to investment company plans. Also, the Pension Protection Act of 2006 permits the use of quarterly account statements. As such, the common practice in the mutual fund industry has been to provide mutual fund investors quarterly statements. To replace this with a monthly statement requirement would substantially increase – i.e., by as much as 748 million – the number of statements that would be required. Aside from systems and other processing costs associated with this increase, the postage costs alone would be in the hundreds of millions of dollars. And yet, there would be no concomitant benefit to investors.

The letter notes that, aside from those investors in investment company plans, the vast majority of mutual fund investors do not regularly trade in their mutual fund accounts. As such, there is not the same need for frequency of account statements as there may be for brokerage accounts. Also, the information currently provided to investors through 10b-10's requirements and their quarterly statements should satisfy FINRA's interest in investors being provided information that would enable them "to review their statements in a timely fashion for errors, possible identity theft or other potential problems."

Tamara K. Salmon
Senior Associate Counsel

[Attachment](#)

endnotes

[\[1\]](#) See Institute [Memorandum](#) to Transfer Agent Advisory Committee No. 35-09, Broker/Dealer Advisory Committee No. 24-09, and Compliance Members No. 25-09 [No. 23469], dated May 20, 2009.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.