

MEMO# 30237

September 12, 2016

ICI Submits Comment Letter to SEC on NYSE Proposed Amendment to Fees for Shareholder Report Delivery

[30237]

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TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 20-16
SEC RULES COMMITTEE No. 42-16
SMALL FUNDS COMMITTEE No. 27-16
VARIABLE INSURANCE PRODUCTS ADVISORY COMMITTEE No. 20-16 RE: ICI SUBMITS
COMMENT LETTER TO SEC ON NYSE PROPOSED AMENDMENT TO FEES FOR SHAREHOLDER
REPORT DELIVERY

The Investment Company Institute today submitted the attached comment letter to the Securities and Exchange Commission, strongly supporting a New York Stock Exchange proposed rule change that would set the maximum (and in practice, the standard) processing fee rates that brokers could charge funds for online delivery of shareholder reports pursuant to the SEC's proposed rule 30e-3. [\[1\]](#) As previously reported, the NYSE proposal would apply only if the SEC adopts proposed rule 30e-3. [\[2\]](#) ICI's comment letter is attached and briefly summarized below.

Our letter strongly supports approval of the NYSE's proposed rule change. The proposed amendments would resolve ambiguity in the fee schedule as it would apply to proposed rule 30e-3, paving the way for the SEC to move forward with adoption and implementation of online delivery. More importantly, by clarifying how the fees are to be applied, NYSE's proposed changes will ensure significant cost savings for fund shareholders in the event that the SEC adopts proposed rule 30e-3.

Our letter also highlights the ongoing need for fundamental reform of the regulation of fund shareholder report delivery fees. It reiterates that the Financial Industry Regulatory Authority is the most appropriate self-regulatory organization for developing and administering these fees in the long-term. Our letter urges FINRA to take on this responsibility, with the Commission's oversight, and to revise the regulatory approach to these fees in a way that takes into account the interests of fund shareholders, who bear this expense.

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Counsel

[Attachment](#)

endnotes

[1] See Notice of Filing of Proposed Rule Change Adopting Maximum Fees Member Organizations May Charge in Connection with the Distribution of Investment Company Shareholder Reports Pursuant to Any Electronic Delivery Rules Adopted by the Securities and Exchange Commission, SR-NYSE-2016-55 (Aug. 16, 2016), available at <https://www.sec.gov/rules/sro/nyse/2016/34-78589.pdf>.

[2] See ICI Memorandum No. 30142 (Aug. 17, 2016), available at https://www.ici.org/my_ici/memorandum/memo30142.

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