

**MEMO# 22960**

October 3, 2008

## **Institute Letter on IOSCO Point of Sale Issues Paper**

[22960]

October 3, 2008

TO: SEC RULES COMMITTEE No. 70-08  
INTERNATIONAL COMMITTEE No. 26-08  
SMALL FUNDS COMMITTEE No. 26-08  
BROKER/DEALER ADVISORY COMMITTEE No. 36-08  
TRANSFER AGENT ADVISORY COMMITTEE No. 58-08      RE: INSTITUTE LETTER ON IOSCO  
POINT OF SALE ISSUES PAPER

As we previously informed you, staff of the U.S. Securities and Exchange Commission, on behalf of IOSCO, forwarded for comment an IOSCO paper entitled "Point of Sale Disclosure: Issues Paper." [\[1\]](#) The IOSCO Standing Committees on Regulation of Market Intermediaries ("SC3") and Investment Management ("SC5") (the "Joint Group") produced this paper. The Joint Group is seeking comments and intends to submit a report with principles to the IOSCO Technical Committee in February 2009. The Institute's comment letter is attached and summarized below.

The Institute expressed the following key comments and concerns regarding the matters addressed in the Issues Paper:

- **Financial Intermediary Disclosure:** The Institute cannot support intermediary disclosure requirements that would apply to the sale of CIS only. The Institute, regulators and consumer advocates have all cautioned that requiring similar disclosure regarding financial intermediaries for all retail investment products is critical. In addition, delivery and disclosure requirements should not impede an investor's ability to effect transactions nor impose unwarranted burdens on the sales process.
- **Simplified CIS Disclosure:** The Institute is a strong advocate for simplified CIS disclosure. We are, however, unable to support a different delivery requirement for

CIS product disclosure that would not be applicable to other retail investment products. The imposition of a different delivery requirement for only certain retail investment products would create inappropriate incentives for financial intermediaries to sell products not subject to those requirements even when those products may not be the best fit for an investor.

- Information Needs of CIS Investors: The Institute has conducted extensive research on U.S. investor information preferences which may inform the Joint Group's work.
- "Substitute" Investment Products: We urge the Joint Group to remain sensitive to the impacts of differing regulatory requirements among "substitute" retail investment products. Different regulatory regimes can inappropriately impact the sales and distribution of retail investment products and raise risks to investor protection.

Eva M. Mykolenko  
Assistant Counsel - International Affairs

### [Attachment](#)

#### **endnotes**

[\[1\]](#) See Memorandum, dated July 22, 2008, to SEC Rules Committee No. 52-08, International Committee No. 17-08, Small

Funds Committee No. 22-08, Broker/Dealer Advisory Committee No. 21-08, Transfer Agent Advisory Committee No.

34-08.