

MEMO# 30189

August 31, 2016

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

[30189]

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TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 17-16
SEC RULES COMMITTEE No. 39-16
SMALL FUNDS COMMITTEE No. 25-16
VARIABLE INSURANCE PRODUCTS ADVISORY COMMITTEE No. 18-16 RE: ICI DRAFT
COMMENT LETTER ON NYSE PROPOSED AMENDMENT TO FEES FOR SHAREHOLDER REPORT
DELIVERY

The Securities and Exchange Commission has published a notice seeking comment on a NYSE proposal to amend the schedule that governs fees for delivery of fund shareholder reports to accounts held through intermediaries. [\[1\]](#) The NYSE proposal would apply only if the SEC adopts its proposed rule 30e-3, which would permit online shareholder report delivery. Comments are due to the SEC by Monday, September 12. ICI's draft comment letter is attached and briefly summarized below.

Please provide written comments as soon as possible, but, in any event, no later than end of day on Wednesday, September 7. Please send your comments to David Blass's assistant, Nadia Ishmael, at nadia.ishmael@ici.org.

If you have any questions about the draft letter during the remainder of this week, please contact Linda French at (202) 326-5845. If you have questions next week, please contact David Blass at (202) 326-5815.

Our draft letter strongly supports approval of the New York Stock Exchange's proposed rule change. These 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 significantly, 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. We continue to believe 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 do so, with the Commission's oversight, and to revise the regulatory approach to these fees in a way that protects the fund shareholders who pay them.

David Blass
General Counsel

Linda M. French
Counsel

[Attachment](#)

endnotes

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

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