

VIDEO

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Focus on Funds: US Fund Regulators Set Their 2018 Agenda

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At ICI's recent General Membership Meeting (GMM), US Securities and Exchange Commissioner Michael Piowar outlined the SEC's top regulatory concerns affecting funds. In the June 8, 2018, edition of *Focus on Funds*, ICI General Counsel Susan Olson highlights his remarks.

Transcript

Stephanie Ortvals-Tibbs, ICI Director of Media Relations: What's on the regulatory agenda for mutual funds and ETFs at the US Securities and Exchange Commission? At ICI's recent General Membership Meeting, one of the SEC commissioners offered some insights. And afterwards, ICI General Counsel Susan Olson shared some of the key takeaways from that discussion.

Susan Olson, ICI General Counsel: So Michael Piowar talked about Rule 30e-3, which was a proposal to allow funds to electronically deliver these shareholder reports that investors get twice a year from mutual funds. And we think it's a great step forward. It would be a much more effective way to deliver this information to investors, and it's the way the investors are really looking for the information these days. And it's a significant cost savings to them, and also to the environment, because you won't be cutting down all these trees.

These reports are printed on very special paper, and it's very costly. It's a very costly process. So, he talked about the possibility of the SEC finally addressing this and adopting their proposed rule from several years ago.

Ortvals-Tibbs: There's also some discussion of how we might change the structure around ETF approval.

Olson: Right. So, the ETF rule proposal has been around for several years, too. And that's a proposal to adopt a rule that would basically codify what's in the exemptive orders that a lot of ETFs are operating under. Right now, each ETF has to go in for their own separate

order, and this is a way to take the largest, most common pool of ETFs that people are familiar with, and just do a rule. And that way, all these ETFs would be operating under the same conditions.

It would be a much more efficient way to use staff resources, too. You wouldn't have them having to look at an exemptive order for every single ETF.

Ortbals-Tibbs: It sounds like they're trying to work on some simplification, and some synergization, and some innovation.

Olson: Right. And I think Commissioner Piwowar has been a great leader on that. He's a trained economist, so he really wants to look at the data and the evidence, and understand the issue from that perspective. And I think that's been very helpful for setting a tone and a sort of style.

Ortbals-Tibbs: So, looking forward after his leadership is no longer on the Commission, it'll still be quite a busy six months ahead, or year ahead, for the SEC?

Olson: They've announced in their Reg Flex agenda for the spring [that] they've got some initiatives around fund disclosure. They're really focused on the investor experience, and so we're thinking they can be doing a lot of work on what kind of documents should we be giving investors to help them make informed decisions to help them understand their funds.

You know, you look at our fund disclosure regime—it goes through changes about every 10 years. And so, 10 years ago, we did the summary prospectus. But we haven't really incorporated how the internet has changed how we read and look for information. So I think that's something the Commission will be looking at as they consider the investor experience in fund disclosure.

Additional Resources

- [*ICI Viewpoints: SEC Commissioner Michael Piwowar: A Commitment to Markets, Shareholders...and Facts*](#)
- [*Focus on Funds: General Membership Meeting Takes on the Biggest Industry Trends*](#)