

## COMMENT LETTER

January 26, 2009

# ICI Comments on IOSCO's Point-of-Sale Disclosure Paper, January 2009

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Washington, DC, January 26, 2009 - ICI has commented on a report by the International Organization of Securities Commissions (IOSCO) regarding point of sale disclosure to investors in collective investment schemes (CIS; mutual funds) and similar products.

## Background

In July of 2008, the SEC forwarded for comment an IOSCO-issued paper, "Point of Sale Disclosure: Issues Paper," designed to inform industry stakeholders of the progress of IOSCO work on point of sale disclosure.

The paper focused on disclosure prior to or at the time of purchase, outlining disclosure topics such as financial intermediary disclosure, CIS product disclosure, and research on investor behavior. It also identified concerns raised by application of different regulatory regimes among retailed investment products—including whether detailed CIS disclosure requirements put CIS at a competitive disadvantage over other retail financial products for which no such disclosure requirements exist.

ICI submitted a [comment letter](#) to the SEC on October 3, 2008, identifying key concerns regarding the matters addressed in the IOSCO issues paper.

## ICI Position

While ICI strongly supports efforts to improve mutual fund disclosure, it cannot support a delivery requirement that would only govern mutual fund disclosure and not disclosure for other investment products.

ICI made the following comments:

**Financial Intermediary Disclosure:** ICI cautions that requiring similar intermediary disclosure for all retail investment products is critical. In addition, disclosure and delivery requirements should not impede an investor's ability to effect transactions nor impose burdens on the sales process.

**Simplified CIS Disclosure:** ICI advocates simplified CIS disclosure, but does not support a different delivery requirement for only CIS disclosure. ICI is concerned that different

delivery requirements would create incentives for financial intermediaries to sell products not subject to those requirements—even when those products may not offer the same level of regulatory protection or other benefits.

Information Needs of CIS Investors: ICI offers that it has extensive research on U.S. investor information preferences which may help inform IOSCO’s work on effective disclosure.

“Substitute” Investment Products: ICI urges IOSCO to consider the impact of placing different regulatory requirements on “substitute” retail investment products. It is important that regulations do not inadvertently make some products more attractive or easier to sell. Different regulations can distort the market and raise serious investor protection concerns.

## **Related Links**

- [ICI Comments on SEC Point of Sale Disclosure Proposal](#)
- [ICI Comments on Examination of Retail Product Regulation in Europe](#)

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