

## COMMENT LETTER

May 5, 2020

# ICI Comment Letter on Fund Names (pdf)

1 2 3 4 5 1 2 . 3 4 5 2 15 6 I. Executive Summary 7 8 9 6 7 8 9 3 15 • We agree that funds today use derivatives in a variety of ways and that the asset-based testing approach of the Names Rule, derivatives for Names Rule purposes, raises challenges for funds that gain investment exposure through derivatives. Rather than requiring funds to test all investments for Names Rule purposes using market value, or mandating certain valuation methods for specified derivative types, the Commission should permit funds to test each derivative type for Names Rule purposes consistent with a reasonable exposure metric and method that best measures the exposure the derivative obtains synthetically, which may or may not represent the cost or present value of the instrument. • We recommend that the Commission not adopt a Names Rule test requiring that the type of investment , as doing so could lead to less clarity and less certainty for fund investors. • We recommend the time of investment. • of funds with investment mandates requiring qualitative assessment of environmental, social or governance-related factors not be required to comply with the Names Rule, • We recommend that the Commission reaffirm that the Names Rule does not apply to the terms al - - - • We recommend that the Names Rule not apply to fund ticker symbols, as investors should not be encouraged by Commission rule to expect to be able to rely on a single word or string of letters . • We recommend - changed without a shareholder vote so long as there is at least 60 days notice to shareholders, as permitted for other funds under the Names Rule. • We encourage the Commission to explore ways to leverage technology to modernize disclosure and improve the effectiveness of disclosure for investors, including through hyperlinks, as well as in the delivery of disclosure, such as electronic delivery and notice and access. 4 15 II. A. 10 11 10 11 . 5 15 12 • so • acknowledged that, for purposes of certain calculations under Rule 12d3-1 fund to its counterparty or its exposure to the issuer of a reference security may be understated were the current market or fair value of the derivative the appropriate measure potential future exposure of the fund to the securities-related issuer is, in each case, likely to be unaccounted for by a current mark-to-market standard • inquired current market value or the notional amount of a derivative (or some o 13 14 15 16 12 . 13 14 15 16 6 15 17 B. C. 17 7 15 18 19 20 21 18 19 20 21 8 15 III. Challenges in Assessing Whether or How the Names Rule Applies to Certain Fund Names A. 22 23 24 22 23 24 9 15 25 26 25 26 10 15 27 28 27 28 11 15 B. 1. 29 30 31 29 30 31 12 15 2. - - - 32 C. 33 IV. Other Ways the Commission Could Improve the Names Rule and Provide Better Information to Investors 32 33 13 15 A. 34 35 B. 36 34 35 36 14 15 37 38 39 \* \* \* 37 38 39 15 15

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