

Public Statement

Optional Internet Availability of Investment Company Shareholder Reports



Commissioner Hester M. Peirce

June 5, 2018

I am pleased to see that we are moving forward with Rule 30e-3 to permit funds and shareholders to transition from a paper-based delivery default. Thank you to Dalia and her staff for working so hard to get this recommendation before us today.

We have had a lot of rain in DC lately. When the sun emerged briefly recently, it was very welcome. I feel the same way about this rule—a ray of light is breaking through the clouds of our often ineffective, wasteful, paper-intensive disclosure scheme. This recommendation is superior to the proposal because it should result in greater cost savings, yet also better achieve the goal of ensuring that investors are aware of their options. This rule is a good step. Another valuable step would be the creation of additional summary disclosures, such as a summary shareholder report.

An even bolder step, however, would be to look across our disclosure regime for ways to make it work better for shareholders. Our broader efforts should include streamlining disclosure to make it shorter and more accessible. To set the tone, we ought to work on making our releases shorter and more readable. We have a lot of work to do toward this end, but I appreciate the efforts of the staff, who worked with me to shorten these releases.

Another piece of disclosure modernization is taking advantage of technology to get information to investors in the way they want to receive it. The Retail Investor Experience and Disclosure Request for Comment release opens this topic for discussion, and I would like to underscore our interest in comments in this area. I am not calling for non-paper mandates, but rather for ideas about how we can make room for fund companies to get creative with disclosure. Fund companies are actively working on ways to tailor the way they interact with shareholders to the shareholders' preferences. There is so much new technology that enables funds to discover how investors use information and to deliver information to investors according to their unique preferences.

As regulators, we need to accept that many investors do not want another pile of papers. When I was growing up, parents could give these papers to their children to draw on with crayons, but now even children have ditched their crayons for tablets, so the piles of paper that come in neither get read, nor colored red. In

the end, the paper is just wasted, and the shareholder does not learn anything about the fund. I welcome comments on how our rules need to change to allow fund companies the freedom to change with the times.