

SEC Adopts Amendments to Modernize Fund Shareholder Reports and Promote Transparent Fee- and Expense-Related Information in Fund Advertisements

FOR IMMEDIATE RELEASE

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Washington D.C., Oct. 26, 2022 — The Securities and Exchange Commission voted today to adopt rule and form amendments to require mutual funds and exchange-traded funds to transmit concise and visually engaging shareholder reports and to promote transparent and balanced presentations of fees and expenses in investment company advertisements.

“Shareholder reports are amongst the most important documents that fund investors receive,” said SEC Chair Gary Gensler. “These reports, however, often are more than 100 pages in length. As a result, a retail investor looking to understand the performance, fees, and other operations of a mutual fund or exchange-traded fund may need to sift through extensive financial information. Today’s final rules will require fund companies to share a concise set of materials that get to the heart of the matter. Further, today’s final rules are designed to promote transparent and balanced presentations of fees and expenses in investment company advertisements. I am pleased to support these final rules because they will help investors better understand fund disclosures and help ensure that the information investors receive in investment company advertisements is transparent and balanced.”

The rule amendments will require funds to provide concise, tailored shareholder reports that highlight key information, such as fund expenses, performance, and portfolio holdings. The instructions for the revamped reports will encourage the use of graphic and text features to make them more effective. Funds will be required to tag the information in their reports in a structured data format. Further, the rule amendments require funds to make certain information that may be more relevant to investors and financial professionals who desire more in-depth information available online and available for delivery free of charge to investors on request. That information will no longer appear in fund’s shareholder reports but will remain available to investors on a website identified in the shareholder report and must be filed semi-annually with the Commission.

In addition to modernizing fund shareholder reports, the Commission adopted amendments to investment company advertising rules to require that fee and expense presentations in registered investment company and business development company advertisements and sales literature be consistent with relevant prospectus fee table presentations and be reasonably current. The amendments also address representations of fees and expenses that could be materially misleading.

The amendments will become effective 60 days after publication in the Federal Register. The Commission is providing an 18-month transition period after the effective date of the amendments to allow mutual funds and exchange-traded funds with adequate time to adjust their shareholder report and transmission practices. The Commission is also providing an 18-month transition period after the effective date to comply with the final

amendments to the advertising rules. The rule amendments that address representations of fees and expenses that could be materially misleading will apply on the effective date.

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Related Materials

- [Final Rule](#)
- [Fact Sheet](#)