

## Statement

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# Statement on Final Rule Amendments Regarding Shareholder Reports



**Chair Gary Gensler**

**Oct. 26, 2022**

Today, the Commission is considering whether to adopt final rule amendments that update and modernize funds' shareholder reports and make certain other updates regarding how funds advertise to investors. I am pleased to support these final rules because, if adopted, they would help investors better understand fund disclosures and help ensure that the information investors receive in investment company advertisements is transparent and balanced.

Shareholder reports are amongst the most important documents that fund investors receive. 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 (ETF) may need to sift through extensive financial information.

Today's final rules would require fund companies to share a concise set of materials that get to the heart of the matter. The final rules would require funds to transmit shareholder reports that highlight key information such as a fund's expenses, performance, holdings, and material changes. The amendments would require reports to be transmitted directly to investors, either electronically or via mail depending on investors' preferences.

Investors still would have online access to all the required information that they currently can access, if they wished to consult it. Thus, investors would have access to information in layers, beginning with certain key information in the revised shareholder reports, then the more detailed online information.

Further, today's final rules are designed to promote transparent and balanced presentations of fees and expenses in investment company advertisements. These final rules apply to all investment companies subject to the Commission's advertising rules.

Today's final rules finalize two of the three sections of a proposal made in 2020. Regarding the third section, which relates to the disclosure requirements for a fund's prospectus, I've asked staff to continue discussions with market participants given the broad range of comments we received.

I am pleased to support these amendments. They would benefit investors through garnering access to material, accurate, and useful information in an accessible manner.

I would like to thank the SEC staff involved with these amendments, particularly:

- William Birdthistle, Sarah ten Siethoff, Brian Johnson, Amanda Hollander Wagner, Zeena Abdul-Rahman, Mykaila DeLesDernier, Pamela Ellis, Michael Kosoff, and Alex Bradford in the Division of Investment Management;
- Jessica Wachter, Alexander Schiller, Cindy Alexander, Charles Woodworth, Daniel Bresler, Wei Liu, Julie Marlowe, PJ Hamidi, and Greg Scopino in the Division of Economic and Risk Analysis;
- Meredith Mitchell, Malou Huth, Natalie Shioji, Cathy Ahn, and Joseph Guerra in the Office of the General Counsel;
- Song Brandon and Luisa Lewis in the Division of Examinations; and
- Robert Baker in the Division of Enforcement.