

Dear Secretary Morris,

Chairman Cox is right...“today’s consumers are frustrated and confused by the enormous amount of financial information that’s dumped on them—and which really isn’t intended for retail consumption. For the man or woman who’s simply trying to get a straight answer about mutual fund fees and costs, or retirement planning, today’s one-size-fits-all disclosure isn’t working” (SEC Chairman Cox, October 20th, 2006).

A statistic quoted by a major mutual fund, at a recent symposium on the topic, indicated that the average shareholder receives 30 pounds of mail per year in the form of prospectuses, shareholder reports and other disclosure information. It is common knowledge that most of this material is rarely read by the majority of shareholders. The contents of these documents are written in legalese meant primarily to protect the investment companies, and fulfill SEC requirements, while providing little usable information for shareholders.

The proposed rules for Universal Internet Access, if modified, provide an obvious opportunity to fix this problem and achieve the following:

- 1) Relieve consumers from the vast amount of information being dumped on them—and allow them to seek the specific information they desire.
- 2) Save U.S. shareholders over a billion dollars per year.
- 3) Help the environment--including the potential reduction of global warming.

How can these results be achieved? It’s simple. Consider including prospectuses, shareholder reports and other SEC required disclosures for investment companies under the Notice and Access, or Universal Internet Access rules. A lightweight printed notice, referring shareholders to online resources that provide all the required information, could replace hundreds of tons of printed material commonly thrown in the trash (without even being opened) by most shareholders. Because this is much easier to implement than proxies (which include the backend complexity of voting) these rules should become mandatory by January 2008.

According to investment company shareholder position estimates provided by the Investment Company Institute and cost estimates provided by several mutual funds, we calculate that the traditional SEC mandated reporting process costs U.S. investors between \$1.2 billion and \$3.6 billion dollars annually in printing, mailing and postage expenses. Replacing traditional disclosure documents with a lightweight notice, such as a post card, would reduce the current process costs by at least 50%. The estimated midpoint of the current expense range is \$2.4 billion. Thus, half of the current cost equals \$1.2 billion dollars a year in potential savings! Also note that the cost of these compliance mailings is charged directly to the funds, so these savings would not simply improve the profitability of investment companies, these savings will flow through directly to U.S. shareholders. This is a real win-win for U.S. shareholders, they stop getting buried in disclosure mailings and save collectively over a billion dollars per year...this should be a top priority for the SEC!

The environmental impact of traditional disclosure documentation is also significant. One source claims, if you were to place the pages from these documents end-to-end, they would wrap around the world 100 times per year. According to another source, the wood consumed by the amount of paper used for this purpose is tremendous. Electronic delivery of these regulated financial documents could save between 3-4 million trees per year. The greenhouse gases that are produced as a byproduct of the papermaking process are between 720 million and 1 billion pounds-equivalent to taking as many as 93,000 cars off

the road for one year. The landfill created by the current process is approximately 290 million tons-- equivalent to 10,300 fully-loaded garbage trucks. If the Universal Internet Access rules were changed as suggested, all of these environmental benefits could also have a realistic impact in the potential reduction of global warming. (Environmental impact estimates were made using the Environmental Defense Paper Calculator. For more information visit <http://www.papercalculator.org>)

In conclusion—this problem, that Chairman Cox himself identified, has a straightforward and common sense solution in which the benefits far outweigh the risks. Please consider expanding the rules under the Notice and Access, or Universal Internet Access proposal to include prospectuses, shareholder reports and other SEC required disclosures for investment companies.

Thank you for the opportunity to submit comments on this very important topic.

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