MEMORANDUM

To: File No. S7-08-15

From: Jennifer R. Porter
Senior Advisor to Chair White
U.S. Securities and Exchange Commission

Date: May 23, 2016

Re: Investment Company Reporting Modernization: Release Number IC-31610

On May 12, 2016, Andrew (Buddy) Donohue, Jennifer Porter, Marian Fowler, Parisa Haghshenas, and Matthew DeLesDernier met with David Blass, General Counsel, Dorothy Donohue, Deputy General Counsel, Linda French, Counsel, Shelly Antoniewicz, Senior Economist, and Joanne Kane, Director – Operations & Transfer Agency, Investment Company Institute; Tara Buckley, Senior Counsel, Vanguard Group; Paul Roye, Senior Vice President, Capital Research and Management Company; Margarheeta Wise, President, and Jay Herold, Counsel, MFS Investment Management; Andrew Redding, Senior Manager, Global Client & Investment Reporting Division, and Maria Greenwell, Program Manager for Compliance Mailings, T. Rowe Price.

The purpose of the meeting was to discuss the investment company reporting modernization release, particularly proposed rule 30e-3 under the Investment Company Act of 1940.

Attachment

Table 2: Comparison of NYSE Processing Fees Applicable to Current Delivery Framework vs. Rule 30e-3 Delivery Mechanism (Using Broadridge's Interpretation of Applicable Fees)

Type of NYSE processing fee	Current Delivery Framework		Proposed Rule 30e-3 (Broadridge Interpretation)	
	Suppressed	Paper report	Suppressed	Paper notice
Interim report fee	$0.15	$0.15	$0.15	$0.15
Preference management fee	$0.10	n/a	$0.10	n/a
Notice and access fee	n/a	n/a	$0.15	$0.15
Total NYSE fees per unit	**$0.25**	**$0.15**	**$0.40**	**$0.30**
Total annual ongoing cost of NYSE processing fees*	**$73 million**	**$36 million**	**$116 million**	**$72 million**
	$109 million		**$188 million**	

* Total annual cost of NYSE processing fees estimated on an ongoing basis. Totals assume annual processing of 240 million rule 30e-3 mailed notices and 290 million "suppressions" and are rounded to the nearest million.

Under Broadridge's interpretation of applicable NYSE processing fees, ICI estimates that funds would realize *no* net savings in NYSE processing fees from proposed rule 30e-3. Indeed, funds would spend $173 million more in the first year and $79 million more every year thereafter than under the current delivery framework (Table 3). Funds spent an estimated $109 million in NYSE processing fees in 2014 to process shareholder reports for accounts held through broker-dealers.[18] Under Broadridge's interpretation, funds would spend $282 million[19] in NYSE processing fees in the first year of adoption

[18] Figure calculated by adding NYSE processing fees paid for "suppressed" shareholder reports ($0.25 x 290 million = $72.5 million) and NYSE processing fees paid for printed and mailed shareholder reports ($0.15 x 240 million = $36 million). The sum $108.5 million is roundest to the nearest million. In 2014, ICI estimates approximately 290 million shareholder report mailings were "suppressed" (54 percent) and approximately 240 million paper shareholder reports were delivered (45 percent). Percentages based on data from Broadridge and do not add to 100 because of rounding.

[19] Figure calculated by summing NYSE fees that would be paid for 145 million "suppressed" Initial Statements and 290 million "suppressed" Notices ($0.40 x 435 million "suppressed" Initial Statements and Notices = $174 million) and NYSE fees that would be paid for processing 120 million paper Initial Statements and 240 million paper Notices ($0.30 x 360 million 30e-3 paper Initial Statements and Notices = $108 million). Total NYSE processing fees in the first year of adoption would be $282 million ($174 million + $108 million).