

February 15, 2019

Mr. Brent J. Fields
Secretary
US Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts; File No. S7-23-18

Dear Mr. Fields:

The Independent Directors Council¹ commends the Securities and Exchange Commission for proposing new Rule 498A (the “VIP Summary Prospectus Rule”) that would permit issuers of variable annuity contracts and variable life insurance contracts (together, “VIPs”) to use a summary prospectus to satisfy their prospectus delivery obligations.² The Proposal seeks to modernize disclosures by using a layered disclosure approach designed to provide investors with key information relating to the contract’s terms, benefits, and risks in a concise and more reader-friendly presentation, with access to more detailed information available online and electronically or in paper format on request.

Registered investment companies (“funds”) serve as the portfolio companies underlying VIPs, and VIP owners allocate their purchase payments to the range of fund options. Fund directors, who serve to protect the interests of fund shareholders, are strongly in favor of providing these investors with useful, accessible, and clear information.

¹ The [Independent Directors Council](http://www.idc.org) (IDC) serves the US-registered fund independent director community by advancing the education, communication, and policy positions of fund independent directors, and promoting public understanding of their role. IDC’s activities are led by a Governing Council of independent directors of Investment Company Institute (ICI) member funds. ICI is the leading association representing regulated funds globally, including mutual funds, exchange-traded funds, closed-end funds, and unit investment trusts in the United States, and similar funds offered to investors in jurisdictions worldwide. ICI’s members manage total assets of US\$21.9 trillion in the United States, serving more than 100 million US shareholders, and US\$7.0 trillion in assets in other jurisdictions. There are approximately 1,700 independent directors of ICI-member funds. The views expressed by IDC in this letter do not purport to reflect the views of all fund independent directors.

² See *Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts*, Investment Company Act Release No. 33286 (Oct. 30, 2018) (the “Proposal”), available at <https://www.sec.gov/rules/proposed/2018/33-10569.pdf>.

In this regard, IDC has long championed modernizing disclosures to improve the usefulness of the information that investors receive.³ In particular, we have strongly supported a layered disclosure approach, which allows investors to choose the amount and type of information they review and in the format in which to review it. This “user-friendly” approach better reflects the way investors make financial decisions in modern times. We strongly supported the summary prospectus for mutual funds and recently advocated that this approach be extended to fund shareholder reports and prospectuses for VIPs.⁴ We are pleased that the Commission has proposed the summary prospectus for VIPs and support the new rule.

Under the Proposal, the initial summary prospectus would provide an overview of the contract; a table summarizing certain key information about the contract's fees, risks, and other important considerations; and more detailed disclosures relating to fees, purchases, withdrawals, and other contract benefits. The updating summary prospectus would include a brief description of certain changes to the contract that might have occurred during the previous year, as well as the key information table from the initial summary prospectus. In addition, certain key information about the funds serving as underlying investment options would be provided in both the initial and updating summary prospectuses, and the funds' summary and statutory prospectuses would be available online or on paper, upon request. We agree that this proposed layered disclosure approach would help investors make informed investment decisions. We note certain of the requirements for key information about the underlying funds in the summary prospectuses could be modified to enhance the usefulness of the summary information for investors and urge the Commission to consider the specific comments of others.⁵

We also strongly support the proposed delivery option for the underlying funds' prospectuses, which would make the funds' summary and statutory prospectuses available online (and on paper upon request) for those investors who want to review them. This delivery method would produce cost savings for funds and their shareholders and directly align with shareholder preferences for accessing fund information online.⁶ As to the location of the website posting, we recommend that the rule

³ See, e.g., Letter from Robert W. Uek, IDC Governing Council Chair, to Ms. Nancy M. Morris, Secretary, U.S. Securities and Exchange Commission; File No. S7-28-07 (Feb. 15, 2008) (supporting the SEC's summary prospectus proposal), available at <https://www.sec.gov/comments/s7-28-07/s72807-51.pdf>.

⁴ See Letter from Amy B.R. Lancellotta, IDC Managing Director, to Mr. Brent J. Fields, Secretary, Securities and Exchange Commission; File No. S7-12-18 (Oct. 30, 2018) (commenting on fund retail experience and disclosure), available at <https://www.sec.gov/comments/s7-12-18/s71218-4583862-176287.pdf>.

⁵ See, e.g., Letter from Susan Olson, General Counsel, Investment Company Institute, to Mr. Brent J. Fields, Secretary, Securities and Exchange Commission; File No. S7-23-18 (Feb. 15, 2019) (“ICI Letter”) for a discussion of a range of suggested changes.

⁶ Indeed, we are strong supporters of the “notice and access” framework and urge the Commission to consider this option for the delivery of all fund prospectuses.

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provide flexibility regarding the website on which the fund materials will appear and not require that they be made available at the same website address as the VIP materials.⁷

If you have any questions about our comments, please contact me at [REDACTED].

Sincerely,



Amy B.R. Lancellotta
Managing Director

cc: The Honorable Jay Clayton
The Honorable Robert J. Jackson Jr.
The Honorable Hester M. Peirce
The Honorable Elad L. Roisman

Dalia O. Blass, Director
Division of Investment Management

⁷ See ICI Letter, *supra* n. 5, for further discussion.