



September 15, 2016

**Via Electronic Mail (rule-comments@sec.gov)**

Mr. Brent J. Fields  
Secretary  
U.S. Securities & Exchange Commission  
100 F Street N.E.  
Washington, DC 20549-1090

Re: File No. SR-NYSE-2016-55: Proposal to Adopt Maximum Fees Member Organizations May Charge in Connection with the Distribution of Investment Company Shareholder Reports Pursuant to Any Electronic Delivery Rules Adopted by the Securities Exchange Commission

Dear Mr. Fields:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the opportunity to comment on the above-referenced release, wherein the New York Stock Exchange (“NYSE” or the “Exchange”) proposes a rule change and amendments designed to adopt fees pertaining to mutual fund distributions of investment company shareholder reports. Specifically, the Exchange’s rule change filed with the Securities and Exchange Commission (the “Commission” or the “SEC”) would adopt fees member organizations may charge with respect to the distribution of investment company shareholder reports, pursuant to any “notice and access” rules (“Notice and Access”) adopted by the SEC.<sup>2</sup>

SIFMA overall supports the Exchange’s proposed rule change (the “Proposal”) regarding Notice and Access delivery of shareholder reports, as it recognizes member organizations must commit additional resources in their efforts to modernize shareholder reporting requirements. Additionally, SIFMA, as a member organization for both sell and buy-side industry participants, encourages a future dialogue with the Exchange once a final rule is published, to ensure the reasonableness of the fee structure changes outlined in the Proposal.

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<sup>1</sup> SIFMA is the voice of the U.S. securities industry, representing the broker-dealers, banks and asset managers whose 889,000 employees provide access to the capital markets, raising over \$2.4 trillion for businesses and municipalities in the U.S., serving clients with over \$16 trillion in assets and managing more than \$62 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> See Securities Exchange Act No. 34-78589, (August 09, 2016); 81 FR 56717 (August 22, 2016)

### Electronic Delivery of Shareholder Reports

We agree with the Commission's initiatives in formulating and recognizing the greater usage of technology for the delivery of materials via the internet, echoing our comments made to the Commission regarding Proposed Rule 30e-3 ("30e-3" or "Rule 30e-3").<sup>3</sup> In general, SIFMA supports Notice and Access electronic delivery of mutual fund investor reports, wherein mutual fund shareholders will begin receiving notices of annual, semiannual, and other reports to be reviewed electronically, while maintaining the ability to choose to receive paper reports.<sup>4</sup> As SIFMA noted in our previous comment letter, the SEC proposed text of Rule 30e-3 does not address the role and obligations of brokerage firms and may present some logistical challenges.<sup>5</sup> SIFMA's comment letter made several recommendations to the proposed rules.

Increasing the internet-based presence of mutual funds in the expanding digital environment of the financial service industry will provide easier access to fund customers, and SIFMA wholeheartedly agrees with this step. Finally, we affirm the financial services industry as a whole may benefit from a discussion between the regulators and sell- and buy-side constituents, both of whom are crucial stakeholders, to contemplate the operational issues and other potential concerns surrounding the Proposal, given its impact to shareholders.

### Proposed Fee Structure

SIFMA supports the creation of a fee schedule to support proposed SEC Rule 30e-3 as it recognizes that member organizations and their agents must commit technical, risk, compliance, and other personnel in their efforts to modernize their shareholder reporting requirements. Further, as noted above, and in our Comment letter to the SEC on Proposed Rule 30e-3, there are several operational concerns regarding how brokers would satisfy the new processing requirements, which are in many respects more complex than the implementation of the Notice and Access model for the delivery of proxy materials.<sup>6</sup> Finally, the SEC proposed rule did not address how brokers and other intermediaries should undertake various components of the proposed new approach, which included the dissemination of notice cards, the collection and maintenance of consents and internet-based availability of information on a website.

Without a final rule, we cannot determine whether the fee structure created by the NYSE for the notice and access delivery of mutual funds reports is appropriate.

### Exchange and SIFMA Cooperation

As stated above, SIFMA is overall supportive of the Commission's initiatives to promote greater use of technology to deliver material via the internet, and the NYSE's proposed fee changes. We

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<sup>3</sup> SIFMA Comment Re: Investment Company Reporting Modernization – File No. S7-08-15

<sup>4</sup> Investment Company Reporting Modernization, Investment Company Act Release No. 31610 (May 20, 2015), 80 Fed. Reg. 33590 (June 12, 2015); Amendments to Form ADV and Investment Advisers Act Rules, Investment Advisers Act Release No. 2091 (May 20, 2015), 80 Fed. Reg. 33718 (June 12, 2015)

<sup>5</sup> SIFMA Comment Re: Investment Company Reporting Modernization – File No. S7-08-15

<sup>6</sup> *Id.*

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caveat this by simply stating that our comments are only to the Proposal, as is, and may not be reflective of the final rule, in-practice. In this regard, SIFMA states its desire to participate in future discussions with the NYSE upon the Proposal's final implementation, to ensure that the fee structure, as currently designed, is reasonable in practice. A final Proposal may have the effect of streamlining current shareholder reporting methods, while simultaneously lessening the financial burden on reporting funds. SIFMA proposes its continued involvement, to ensure the interests of our members, vital Exchange member organizations, are adequately represented throughout the implementation of this important new initiative.

We greatly appreciate the opportunity to comment on the Proposal. If you have any questions concerning these comments or would like to discuss these comments further, please feel free to contact me at [REDACTED] or [REDACTED]

Respectfully submitted,



Ellen Greene  
Managing Director

cc: Mary Jo White, Chair, SEC  
Kara M. Stein, Commissioner, SEC  
Michael S. Piwowar, Commissioner, SEC

Stephen Luparello, Director, Division of Trading and Markets, SEC  
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Elizabeth King, General Counsel, New York Stock Exchange