

MFS Investment Management  
111 Huntington Avenue  
Boston, MA 02199



September 12, 2016

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

Re: File Number SR-NYSE-2016-55  
Notice of Filing of Proposed Rule Change Adopting 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 and Exchange Commission

Dear Mr. Fields:

On behalf of MFS Investment Management, I would like to express our appreciation for the opportunity to comment on the above-captioned proposal (the "Proposal"), which is of critical importance to mutual fund shareholders. MFS firmly and unequivocally supports the Proposal and recognizes its significance as a first step in realizing the investor protection goals of the Securities and Exchange Commission's proposed Rule 30e-3.<sup>1</sup> For the reasons discussed herein, MFS strongly agrees with the views expressed by the Investment Company Institute in its letter to you on the same matter<sup>2</sup> and urges the Commission to approve the Proposal without delay.

MFS is a global asset management firm providing investment management services to various clients including 134 SEC-registered investment companies held by over 11 million shareholder accounts, all of which stand to benefit from adoption of the rule change set out in the Proposal. Since all fees paid under the rule amended by the Proposal are fund expenses, fund shareholders stand to gain from adoption of the Proposal.

As you know, under the Proposal the New York Stock Exchange ("NYSE") intends to adopt maximum fees that may be charged in connection with the distribution of investment company shareholder reports pursuant to any electronic delivery rules that may be adopted by the Commission (i.e., Rule 30e-3).<sup>3</sup> Specifically, the Proposal would amend Section 5 of NYSE Rule 451.90 to provide the following: (1) that the "Notice and Access" fee structure contemplated by the rule that was originally devised for proxy campaigns would also apply to the investment company shareholder reports delivered or made available under Rule 30e-3; (2) that the tiered breakpoints set forth in the Notice and Access fee structure would apply to such shareholder reports based on the aggregate

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<sup>1</sup> *Investing Company Reporting Modernization*, 80 Fed. Reg. 33590 (June 12, 2015) (proposing, *inter alia*, Rule 30e-3 under the Investment Company Act of 1940) ("NYSE Proposal")

<sup>2</sup> See Letter from David W. Blass, General Counsel, Investment Company Institute, dated September 12, 2016 ("ICI Letter")

<sup>3</sup> NYSE Proposal, at page 1

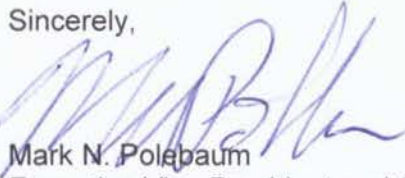
number of shareholders accounts across share classes; and, critically, (3) that the Notice and Access fees may only be charged for accounts that are actually sent a Notice and Access mailing. Each of these elements of the Proposal is infinitely logical and fair. The Proposal does no less, and no more, than clarify certain ambiguities of Rule 451 and devise for it a reasonable means of conformance to Rule 30e-3. Absent adoption of the Proposal, Rule 451 will be applied in a manner that diminishes Rule 30e-3 shareholder cost savings, or even increases shareholder costs. This result would be manifestly absurd and unfair.

Importantly, the NYSE notes in the Proposal that it has no involvement in the mutual fund industry and that it "would welcome the idea of considering whether FINRA [the Financial Industry Regulatory Authority] should assume [the role of setting shareholder mailing fees] in the near future."<sup>4</sup> We wholeheartedly support the transition of this responsibility from the NYSE to FINRA and applaud the NYSE for recognizing its lack of expertise. FINRA is clearly better positioned in terms of capability and mandate to set fair rates of reimbursement given its Congressional directive to serve investor protection and its oversight of the broker-dealers that collect such fees.

Finally, we agree with the position expressed in the ICI Letter that the Proposal should be viewed as only a first step in addressing the abusive practices that have arisen under the latest iteration of the shareholder mailing fee structure. The most iniquitous of these practices is that of charging "preference management fees" for costs associated with managed account shareholder mailing obligations that do not exist in the first instance. This results in mutual fund shareholders needlessly and unjustly paying millions of dollars each year to broker-dealers and their vendors.

Thank you for taking the time to consider our views on the Proposal. We believe that the Proposal is consistent with the purposes of Securities Exchange Act of 1934, as amended, and urge the Commission to approve it without delay. Should you have any questions, please contact me at 617-954-5000.

Sincerely,



Mark N. Polebaum  
Executive Vice President and General Counsel

cc: The Honorable Mary Jo White, Chair  
The Honorable Michael S. Piwowar  
The Honorable Kara M. Stein  
Rick A. Fleming, Investor Advocate  
David W. Grim, Director, Division of Investment Management  
Diane C. Blizzard, Associate Director, Division of Investment Management  
Stephen I. Luparello, Director, Division of Trading and Markets

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<sup>4</sup> NYSE Proposal, at page 5

Gary L. Goldsholle, Deputy Director, Division of Trading and Markets  
*U.S. Securities and Exchange Commission*

John J. Brennan, Lead Governor, Board of Governors  
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