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ASSET MANAGEMENT ADVISORY COMMITTEE MEETING

Held Remotely Via WebEx

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U.S. Securities and Exchange Commission

100 F Street, N.E., Washington, D.C.

PARTICIPANTS:
Securities and Exchange Commission:
Jay Clayton, Chairman
Hester Peirce, Commissioner
Elad Roisman, Commissioner
Dalia Blass, Director, Division of Investment Management

AMAC Members:
Ed Bernard, AMAC Committee Chairman
John Bajkowski
Michelle Beck
Jane Carten
Scot Draeger
Michael Durbin
Gilbert Garcia
Paul Greff
Richard Hall
Neesha Hathi
Adeel Jivraj
Renee LaRoche-Morris
Ryan Ludt
Susan McGee
Jeffrey Ptak
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PARTICIPANTS(CONT.):

AMAC Members(cont.):
Ross Stevens
Rama Subramaniam
John Suydam
Russ Wermers
Alex Glass (non-voting)
Joe Savage (non-voting)

C O N T E N T S

P R O C E E D I N G S

MR. BERNARD: Welcome, everyone. I'd like to call this meeting to order. This is the November 5th, 2020, meeting of the SEC Asset Management Advisory Committee.

I'd note that we have quorum. This is a virtual meeting on WebEx. Obviously, we've done a sound check to ensure that all committee members can hear. If any of you are having problems, please send a private chat to the meeting host. I am not the host. One of the tech support people is actually host.

Before I begin, I'd actually like to pick up something that I regrettably omitted at the end our September meeting, which is a heartfelt thanks to the IM staff who do so much work to support this committee, and it is an enormous amount of work led by Christian Broadbent, and for the last year, aided by Sirimal Mukerjee, he's now moved to focus on other duties, and Angela Mokodean and Jay Williamson.

I'm actually delighted to -- I know Dalia is well-aware of the amount of work they do. And Chairman Clayton, I'm happy to acknowledge to you what a great support they've been to this Committee.

So, with that, this is a special meeting of the Committee. After remarks from Chairman Clayton and

Commissioners Peirce and Roisman, we'll have only one agenda item. I'm grateful to all for making time today to discuss and hopefully approve recommendations made in our discussions of the impact of COVID-19 on various operational issues.

We've -- the recommendations are very timely and didn't want to hold this until our next regular meeting on December 1st. Before I turn to Chairman Clayton, on behalf of the entire committee, I'd like to express our sincere thanks to Mark Tibergien for his service to our committee until his retirement and wishing the very best in his retirement.

At the same time, I'm delighted to welcome Renee LaRoche-Morris, Chief Operating Officer of BNY Mellon Investment Management as a new member of the committee. Renee, our hellos will have to be virtual for now, but I know the entire committee joins me in welcoming.

Now, to open the meeting, I'd like to thank Chairman Clayton and Commissioners Peirce and Roisman for the attendance and turn to Chairman Clayton for any remarks he may have. Chairman Clayton?

MR. CLAYTON: Ed, thank you very much, and I want to pick up on two points that you made. A big thank you to Mark and a welcome to Renee. We were

delighted to have Mark, and I'm sure that Renee is going to contribute significantly to the committee.

And then another point that you just made, which is our staff and what we really like about these committees is hearing from you, the members of the committee, the members of the public through this forum. But, it also does give us an opportunity to demonstrate a competence, the expertise, the engagement, and the commitment of our staff to the community. And I think that that's a great benefit for our entire financial markets' eco system. So I want to thank you for point that out, and I hope that members of the committee and other members of the public who engage with us through this committee come to appreciate just how dedicated the staff is.

So with a thank you to you and those listening at home and my fellow commissioners, I want to make a few remarks regarding the recommendations of today.

The unprecedented and unanticipated effects of COVID-19 have required asset managers and other market participants to adjust their business operations, including initiating and following business continuity plans and, in many cases, shifting employees to a remote environment.

Despite some disruptions and associated

challenges, this shift has provided market participants with a real time stress test. Not only of their ability to operate remotely, but also their ability to do so while confined with regulatory requirements that were designed for an environment with vastly different operational characteristics.

Like other stress tests, planned and unplanned, this test imposed by the effects of COVID-19 has provided lessons and insights to the Commission and market participants alike.

Take, for example, electronic delivery, a reg required regulatory documents. The Commission last comprehensively addressed digital delivery over 20 years ago and has discussed plans to revisit that guidance.

Among the pandemic's most obvious disruptions were those challenging firms' ability to deliver paper to investors. The Commission provided targeted, conditional, and temporary relief, and staff provided guidance that sought to address those challenges and facilitate timely and effective delivery of information to investors.

As I explained at your May meeting, the Commission's relief overall was intended to enable market participants affected by COVID-19, including

funds and advisors, to meet the full substance. Let me emphasize that. The full substance of their regulatory obligations, and the expectations of their investors despite significant operational constraints.

Looking back at that period, the importance of electronic delivery is clear, and I believe the Commission should consider how to best and promptly update our guidance and make it easier for funds, advisors, and investors to use electronic delivery ensuring that any investor who wants paper delivery remains fully able to receive it.

I stated this view directly on Monday when I said our efforts to meet the challenges presented by COVID-19 have unquestionably demonstrated that our regulations should not cling to the mails and paper as the default or preferred paradigm for communications.

Similar considerations may apply regarding other issues that the AMAC is addressing, including remote work, e-authorization, and dematerialization for physical security certificates.

Today's meeting provides an opportunity for the AMAC to provide particular recommendations for the Commission as we consider how best to apply the lessons and insights that we have gained during this years' events. We -- discuss many of these issues at a meeting earlier this year, and I thank you for providing your recommendations as a timely follow up to those discussions.

In closing, again, thank you, to the members of the AMAC for preparing today's recommendations and for, in the very early stages of this committee, very substantive, effective, impactful, thoughtful work, and I look forward to today's recommendations. Thank you, Ed.

MR. BERNARD: Thank you, Mr. Chairman. Commissioner Peirce?

MS. PEIRCE: Thank you, Ed. Welcome to our newest committee member, Renee LaRoche-Morris. It's a pleasure to be able to speak to you all again.

Today's agenda is in keeping with the Asset Management Advisory Committee's founding principles to provide the Commission with a diverse set of perspectives on a range of topics affecting investors and market participants.

A few matters are more pressing today for investors and markets than ensuring that asset managers are able to continue to function effectively and serve their customers' needs in these challenging times.

We are now in the ninth month of the pandemic lockdown, and I continue to be amazed at how well the

markets have responded to this wholly unanticipated upheaval of the global marketplace. Fortunately, lots of smart people, many of whom are participating in today's meeting, have been working for years to ensure that asset managers, broker-dealer, and other market participants have the ability to operate and serve investor needs in times of crisis and physical dislocation.

Despite historics, spikes of volatility and near free-fall, the market withstood the shocks and stresses of margin and continue to function. Had we face these challenges, even five years ago, I cannot help but wonder how things would have played out. Technology forethought and private and public sector leaders focused on finding solutions and came together at the right moment in time and adverted what could have been an even greater period of turmoil.

In the first few weeks of the crisis, it seemed that a day didn't pass without the Commission publishing multiple incentive orders on all manner of things.

Whether it was relieving funds and reporting companies as a necessity of in-person board and shareholder meetings, extending perspectives and annual report delivery, or pushing out filing deadlines on

various forms, these orders were timely and thoughtful, and we can and should applaud the nimble and innovative leadership of Chairman Clayton, Dalia Blass, Bill Hinman, Brett Redfearn, and countless others of the Commission in overcoming these immediate challenges.

With ad hoc responses formulated to navigate around belong in the two regulatory prejudices are no way to regulate a complex market such as ours. No matter how farsighted a regulator tries to be, regulations are inevitably snap shots in time, memorials of the practices and thinking prevalent when the regulation was drafted.

It is beyond dispute that we have lived in a digital age for some time now, and if the last several months have taught us anything, default reliance on hardcopies and wet signatures have seen their day.

That is why today's agenda is as timely as it is important, and I hope that the discussion surrounding the thoughtful recommendations the committee has put together concern either web related remote work, e-authorization, and the intriguingly named dematerialization will lay the foundation for a more flexible technology-based regulatory structure.

Although we have by no means emerged from the tunnel we entered in March, we can feel a bit of breeze

and the time is right for all of us to consider where changes to Commission policy are needed. I look forward to hearing today's discussion, and I know it will be informative and helpful to us. Thank you very much.

MR. BERNARD: Thank you very much, Commissioner Peirce. Commissioner Roisman?

MR. ROISMAN: Good morning, and thank you, Ed, and all the members of the AMAC for coming together today. A warm welcome to Renee. Welcome to the committee and I look forward to your thoughts and insights and contributions. And thank you to Mark for his service.

A few months ago, almost in real time, this group did not hesitate to take up considerations of the many challenges facing the Asset Management industry and the markets following the onset of COVID-19.

We've engaged with each other on these issues in several meetings that we've attended and had numerous discussion amongst yourselves.

I'm really looking forward to considering all the practical and specific ways you've identified that our current regulatory policy may be out of step with the needs of the market and investors following those climatic changes brought on by COVID-19.

Again, I want to commend all of you for all of your hard work, and I appreciate it greatly. So thanks for taking on this work, and I look forward to today's discussion.

MR. BERNARD: Thank you very much to all the Commissioners. And we're grateful for your attendance and for your remarks. And now I'll turn to the Director of Investment Management, Dalia Blass, who I believe wanted to share a few thoughts as well.

MS. BLASS: Good morning, Ed, and good morning all and welcome to this special meeting of the Asset Management Advisory Committee.

Before I start, let me remind you I'm speaking today only for myself and not for the Commission, the Commissioners, or my colleagues on the staff.

I also would like to extend a warm welcome to Ms. Renee LaRoche-Morris, the newest member of AMAC as the chief operating officer of BNY Mellon Investment Management.

Ms. LaRoche-Morris brings a wealth of experience as well as a unique perspective of a large asset manager and one of the largest custodians in the United States.

I look forward to your engagement on the important issues before the committee.

I also would like to extend my gratitude to

Mark Tibergien for his time and contributions while serving on the AMAC.

Turning to the agenda, today will be a short but quite impactful meeting as the AMAC considers recommendations concerning operational issues related to the COVID-19 market disruptions, including electronic delivery, remote work, e-authorizations, and dematerialization.

These recommendations follow the AMAC's informative meeting in May, which highlighted the operational challenges that managers faced during that time and continue to face. The COVID-19 market disruptions highlighted weak spots, and the recommendations today center around ones that are both significant and solvable, such as, the continued dependence on paper for a shareholder and client communication.

This has also challenged us to reconsider our regulatory framework as its implementation has created tensions in using modern technology such as virtual board meetings and e-authorizations. But AMAC'S input today is very timely as the staff considers the current regulatory approaches in these areas and the best way to integrate the use of modern technologies while maintaining the necessary protections for investors and

the markets.

As always, I'd like to thank the chairman and the commissioners for their participation today. I'd also like to send a big thank you to Ed Bernard for his leadership and to all the subcommittee leaders and committee members for their contributions.

I would also like to say Christian Broadbent, Jay Williamson, Angela Mokodean, Olawale Oriola, Emily Rowland, and other division staff who have worked tirelessly to support the committee. Also, I would be remiss if I did not give a very big shoutout to our Division Managing Executive Office and the Commission's Office of Information Technology for enabling us to yet, again, meet virtually today.

With that, Ed, I will turn it back over to you, and I do look forward to the discussions today.

MR. BERNARD: Great. Thanks very much, Dalia.

So I'll turn to today's topic. You'll recall that, at our September meeting, Mike Durbin discussed in some detail the recommendations being developed by the group that led the operations panel in our May meeting. Based on that discussion, he and his team drafted the memo provided to you previously with preliminary recommendations to be considered by the full AMAC.

For those watching on SEC.gov, the memo can be

found the AMAC page of SEC.gov and a link under background materials for today's meeting.

I've asked Mike to provide a brief overview of the recommendations and then open for any discussions, questions, and comments. After that, assuming we have reasonable alignment, I plan to ask for a vote on whether AMAC must recommendations to the Commission. As a reminder, we'll each manage our own status, and when you're not speaking, please ensure you're muted. When you're ready to speak, don't forget to unmute.

So with that, Mike, over to you.

MR. DURBIN: Thank you, Ed. Good morning. Thank you also to SEC leadership for the opportunity to present the AMAC's recommendations. I particularly want to thank my subcommittee partner, Neesha Hathi, as well as several of our fellow AMAC members that has helped shape this set of recommendations over these last several months.

Of course, we are not the only voice the SEC is hearing from on these important issues. So we applaud the SEC for its ongoing willingness to listen to and consider our recommendations in these still unprecedented times.

So, as mentioned, as was first reviewed in our May AMAC meeting and then discussed again at our

September meeting, the pandemic period has exposed a number of operational issues to be addressed as industry participants, largely regardless of their respective role in the industry, shifted significantly to a remote work stance in the interest of their employee, client, and broader community help in assisting.

Our recommendations by no means are intended to cover every operational challenge incurred by this incredibly diverse and complicated industry. But, rather, focuses on those issues that need physical processes for their satisfactory or compliant execution and, instead, seek to replace those physical processes with more efficient and safe digital alternatives.

The SEC, FINRA, and others acted swiftly and effectively in granting temporary relief in a number of critical areas in order to recognize the immediate difficulty being incurred in those earliest days of the pandemic.

So our four broad areas of recommendation in large part, although not entirely, represent recommendations to make permanent those very effective temporary areas of relief that were granted. We seek to submit these recommendations in clear deference to our shared responsibility toward investor protection and overall market efficiency.

As mentioned, the four categories of recommendation include recommendations regarding more permanent adoption of digital delivery methods for investor communications. Recommendations regarding a more permanent embrace of a remote work or work from home posture being adopted across the industry. Recommendations regarding a more permanent embrace of digital methods of authorization. I have one example only.

Replacing current requirements for physical or wet signatures with digital alternatives for required authorizations. And, finally, recommendations regarding the SEC's ability to convene a roundtable of the diverse set of stakeholders from across the industry that would need to be coordinated in pursuit of the objective of dematerializing physical or paper security certificates.

With that, I thank you again on behalf of the AMAC and the subcommittee, and Ed, turn it back to you to see if there are any questions or discussions.

MR. BERNARD: I thought he had unmuted me. Apologies. We've discussed it several times. You've all seen the memo. But I would, indeed, welcome any questions, concerns, comments at this point for Mike and team and the memo.

Now, I will comment the -- just express my

thanks. I think the final product -- we've had a lot of discussion of substance, but I think the memo does a superb job in detailing the issues, providing appropriate citations and so forth, so that I hope we're giving the SEC the information they would need to combine this with other inputs they're getting and consider action.

But any comments or questions or concerns from the committee? Joe Savage, I see you have a hand up.

MR. SAVAGE: Thank you, Ed. First, I just wanted to thank Mike for all his work. He was very open and very transparent in allowing me and others to look at the recommendations in advance of the committee meeting and was very generous in allowing me to make some technical comments. So I want to thank him again for his work and for his collaboration.

I was just asked to make a couple of points. One is on remote testing. I think, as a lot of folks know, when the pandemic hit in March 2020, FINRA worked with NASAA and -- because a lot our test centers were closing. Our provider Prometric introduced an online test delivery service, which I think about 15,000 persons have taken advantage of since then.

But, gradually, Prometric has reopened its testing centers, and interestingly enough, it looked

like a lot of the folks who are taking tests prefer the -- here in person. We think it's a good idea to allow these online tests in the center and it's something we're going to continue to work on.

The only thing, I guess, in terms of e-signatures, electronic delivery, remote branch office inspections, I think, as Mike indicated, we work with the SEC early on to provide temporary leave and just wanted to say, I guess, these are very important issues to us and we're going to continue our work with the SEC staff as well as stakeholders to continue our work in this area. So that's all I wanted to say. Thanks.

MR. BERNARD: Great. Thanks. Any other questions or comments? Actually, Mike, if I may, I'm might just ask you comment, so we have in the oral record as well, the -- I read the memo, obviously, several times -- but the approach taken in terms of protecting for certain investors who, if they chose to receive paper, the options to do so.

MR. DURBIN: It's a good question. You should have embedded in the threshold recommendation to shift to a more default digital delivery method, and we recommend a series of principles, you know, that should be attached to that default delivery method. And, by example, principles like, you know, lengthy advance notice and ability for an investor to opt out of that. An ability to an investor to change, you know, their delivery methodology through time.

So we think set it up investor centric principle-based, you know, shift to the digital delivery, you know, is critical.

MR. BERNARD: And another way I think of this is particularly given how behavior and practices have evolved in the heights versus interest of investors who do seem to prefer -- in fact, not seem, but do prefer digital channels. In effect, I think what these recommendations do is provide everyone to have their choice of method as opposed to creating other hurdles for that.

Are there any other questions or comments? This is going to be a very short meeting, but I just want to make sure anyone has a chance for any final questions. I think the memo is very well done. It speaks for itself.

MR. CLAYTON: Ed, would you mind if I -- it's Jay. Would you mind if I just made a couple of comments here?

MR. BERNARD: Of course not. Please.

MR. CLAYTON: Well, some of -- yeah. Look, terrific work, and then -- and terrific question about

notice and opportunity. But -- and this is all spelled out in memo and the like.

But one of the things we try to avoid is asymmetries between our institutional investors as participants in the marketplace and our retail investors, those participants in the marketplace. And this experience has brought home to me how important it is for retail investors to be able to participate digitally and our analogous time frames for institutional investors. So that's one point.

The second point is one of transparency and disclosure removing uncertainty. And one of the things that we saw during the market stress in March and April was the ability to communicate across the investor universe in a very timely fashion had the benefit of the removing uncertainty at those times. Said another way, if we were waiting for our statements in the mail, as we were watching an economic shock unfold, there would have been a great deal more panicked sellers. I have no doubt.

Now, it's hard to prove a negative, but my years of market instinct tell me tell that. So I think that from a fairness point of view and from a market resiliency transparency point of view, these are very important moves. And so it's not just cost savings or

-- you know, this is enhancing those parts of our mission as well. So I thank the committee for taking this up in such a timely fashion.

MR. BERNARD: Thank you very much, Chairman Clayton. And, again, I would say that what I commend Mike and Neesha and team four is not only thorough, but I think there's a very thoughtful balance between better serving investors while also protecting their interests.

So I'm not going to belabor the --

MS. PEIRCE: Ed, do you mind if I ask a question. This is Commissioner Peirce.

MR. BERNARD: Oh, please do, Commissioner Peirce.

MR. PEIRCE: So I appreciate the recommendations and I think your points about investor choice and respecting what investor preferences are. Those are important points.

I do wonder what you all think about the idea of saying to firms that they can choose to be all digital with new customers. So, if a client comes in and the firm says to the client "We are a digital only firm and our relationship with you will be digital only, not paper. You can sign on with us or not, so we're letting you know that in advance." What do you all think about that for new client relationships?

MR. DURBIN: Ed, I'm happy to take the first stab at that. It's an excellent question, Commissioner.

Our experience, whether it's my own firm or being in close contact with other peer firms in the industry, there are certain client facing value propositioned that do see that direction. Like, it'll be -- perhaps it's an offering that's skewed for a particular client demographic or age demographic, where the default setting of the offering is a digital only engagement.

So we tended to do that on sort of an offering by offering basis as opposed to, I think, what you're suggesting is sort of an en masse decision of anyone new to the firm would default one way versus the other. It tends to be attached to a particular offering or value proposition if that makes sense.

MS. PEIRCE: That's helpful. Thank you.

MS. HATHI: Yeah. If I could add, Commissioner, Peirce. This Neesha Charles Schwab. I think that one of the things we see on the retail side of the business is that we have a very large percentage of clients that actually open their accounts now digitally.

I would -- I don't have the exact percentage number this month, but it's trending over 85 percent at this point.

And the vast majority of those do choose to go digital -- so we call it paperless -- they do choose to have everything paperless. And that's trending toward 95 percent to almost 100 percent.

What we do see is that there are investors who may already have existing accounts and they choose for their new accounts to go digital, but they didn't realize that they didn't set up their previous account to be digital and they're still getting paper for that previous account that they might have set up five years ago, ten years ago, 15 years ago.

And so the idea of having, you know, the digital be the standard for new accounts is certainly powerful. I think the opportunity to kind of allow that client or allow the firm to work with that client to go digital for all of their accounts in a little bit more of a seamless way could also be an opportunity, because, in many case, the client doesn't intend to have the old account be paper and the new account be digital. It's just that they haven't gone through the mechanics of actually setting it up that way.

MS. PEIRCE: Okay. That's helpful too.

MR. BERNARD: And, Commissioner, first, I want to make sure that, hopefully, both those responses have,

indeed, been responsive to your question.

Is your concern about the status of new accounts and the disclosure of what the relationship will be or how the older accounts will be treated retroactively, if you will, by -- based on the investor's choice.

MS. PEIRCE: Well, my -- it's not a concern as much as I think when we think about this, we're really wedded to making sure that people can opt for paper if they want to opt for paper. But I think it's when you start out a relationship with a new client and say, look, our firm doesn't do paper. And so if that's something you want, you probably should go somewhere else. We won't do paper.

And right now, the way our rules work, there always has to be that option for paper, and I think we could move to a new world where we would say it's okay for you to be -- for new clients coming in -- to be a no paper firm as long as you tell people that very clearly in advance.

MR. BERNARD: So let me put Mike and Neesha on. That's a great point and a great question. If I could Mike and Neesha on the spot.

If the regulations were such that you could do that and have someone come in and say I'm paperless only

and, thus, they had to stay that way, would you -- do you think as a value proposition, you would lock them out of paper or if a year later they change their mind, would you want to allow them to have paper?

MR. DURBIN: It's a good question. I guess I would draw the attention back to Neesha's comments around Commissioner Peirce being careful of the distinction between a new account or a new client or household.

If it's anchored on the account itself, it's the easiest to implement a new account. But, if it's within the context of an existing household, even individual relationship, you can end up with this -- a symmetry that Neesha highlighted. So, again, I don't know if I'm answering your question or not.

Certainly, any step that moves in this direction of a broader embrace of digital delivery would be welcomed. But, for the efficiency of how the consumers, you know, maintain choice and get maximum effect of that efficiency, I think you have to anchor it around the household, you know, the relationship as opposed to just an underlying account, you know, architecture.

MS. HATHI: And I would just add to your question. And I think that the notion that -- I mean, I

think we would always have a notion that we want to give the investor some choice. I think that's just a little bit of the DNA. So we -- the idea that they wouldn't have the choice to go to paper given the -- maybe because we not -- for quite some time, I don't know if that would be something that we would necessarily migrate to. But I think that that is probably the assumption from any client is that, oh, of course, I would do all this digitally, that's they're -- that wouldn't even -- I don't know if it would be seen as a takeaway to not have the choice. But, because we do serve clients of all different, you know, types, there are always clients who tell us that they would like paper and we want to be able to support that.

But I do think for a new firm that could potentially, you could go in a direction where you could have digital only firm and determine if there were ever a situation where paper would be required.

MR. BERNARD: And I take your point Commissioner first that the client, obviously, has an option at the time to choose not to do business with that firm. So I think it's a very interesting nuance that you raise. I dare say as -- well hope -- our hope, certainly, as a committee, is that these recommendations will move forward and get discussed for action at the

Commission, and I dare say there will be more discussion on nuances such as this. But I think it's an important question you've raised.

Dalia, I see your hand up.

MS. BLASS: So just I'm, you know, curious. There are many investors who -- they do want paper. It could be that they like electronic as well. But, for certain communications, they want it in paper. Like, their account statements or something with, you know, with their -- or like there's personal information, right. But there are also -- I don't know how many -- but there are also like investors who just -- you know, the default has been paper, so they are defaulted into paper, and they just are -- they're not taking the steps, and there's no -- they can use the technology.

They can have the e-delivery. They go online. But they just have not taken the step and, Neesha, to that specific example you gave -- going to -- opened an account today but it's electronic. But I have all these older accounts that, you know, are legacy accounts that may still be in paper. How do you move these investors?

Investors who are not -- they're totally okay with e-delivery. They're totally okay using electronic means to monitor their account and their investment. But they are so sort of defaulted into paper with the

cost of using that paper. And also, frankly, with some of the cons of paper instead of electronic delivery and communication can just provide investors with so much more for those investors who are, you know, willing to take that step. How do you get to that investor? How do you get comfortable that that investor can be moved out of paper or can be made to move out of paper, if you will? Any thoughts on that?

MS. HATHI: Mike, I can start if you'd like. So I think, Dalia, there's a couple of thoughts. First of all, is the bifurcated example that I gave where there's a client who's already digital in some -- in their new accounts to have legacy chain of accounts. I think there, you know, with the -- if we went as an industry to a perspective where -- that we could, with some advance notice, notify them, at some point, we're going to convert your legacy account to digital. And this is the date, and if you prefer that we don't do that, then let us know and we'll continue to send you paper. Otherwise, you will go all digital on this particular date and prompting them -- and we can do that prompting then through digital channels and all the various ways that we interact with them today.

I think if a client has been all paper, I think that that would happen through -- that

communication would happen either through paper through, you know, our contact center through our relationship to talk with that client to let them know that there is a plan to move them to digital and ensure that they're comfortable with that.

So I think there would be probably a few different mechanisms that we would use. We would probably prioritize the digital channels to try to move back, because, if someone has digital and not all the way digital, that's clearly often a client that's much more ready to move and desires to move versus a client who is still traditionally paper. I'm not sure if that exactly answers your question. But that's just some thoughts on how we would approach that.

MR. BERNARD: And on my comment, and this is somewhat analogous, although, I think the way this regulation would be implemented would be somewhat different. But, if we looks at "define contribution plans" over decades, service provider's, plan sponsors, everyone, that every form of communication they could think of, including meetings in the cafeteria, to get people to enroll, and I think the industry got to about 60 percent enrollment. And when auto enrollment came along, and we -- the DOL went through their various rules for safe harbor and so forth and plans started to

implement auto enrollment in one fell swoop participation went to 93 percent.

As people, obviously, still have the opportunity to opt out. But, in this case, this gets into behavioral finance and so forth and just sort of overcome an inertia. So I think Neesha's point is a good one with proper notice. If you default everyone over on that day, you're going to see a massive change -- a massive, if you will, clean up of those folks that have legacy accounts that are paper, frankly, because they didn't notice or they weren't sure how to go online and flip the switch. And I think you would move a lot of our accounts over with that activity.

You know, there are -- I'm trying to flip back and forth between screens. So forgive me to make sure I see everybody. Are there any other questions or comments.

This is I think a great and appropriate discussion, and I just see from -- we're going to do this as Zoom style. Just from nodding heads before we start turning anything off, mute, and so forth, are people ready to vote? I see lots of heads nodding. Some nodding too vigorously like you've got something to get onto.

So, with that, I'm going to ask everyone to --

members of the committee to take yourselves off mute. And all in favor of -- so what we are basically saying is this memo as presented by Mike and team would now be made the recommendation of the AMAC Commission. So all in favor of that, please say, "I."

ALL MEMBERS: I.

MR. BERNARD: Oppose, please say, "Nay."

And any abstentions?

Mike, I think we got it over the line. Thank you very much. And let me, if you'll forgive, look at my notes here.

So given the very limited agenda today, you know, it's become our practice to have a lightning round at the end of the day to get comments on the day. It think I will spare us that for this brief meeting.

As a reminder, our next full day meeting is scheduled for Tuesday, December 1st, so please make sure that's marked on your calendars. And we haven't built the agenda yet, but let's just hold 9 a.m. to 4 p.m. Eastern, if you would, being we'll focus on the work of three subcommittees, diversity and asset management, ESG and access to private management -- private investments. Forgive me.

If we have time, we may also allocate some time in that meeting to discuss potential new areas of

focus as we enter 2021. And to that end, please think about any topics you think we should consider prioritizing and seek input from your colleagues, different colleagues at your firms.

I'm reaching out to each member of the committee. And, if you haven't already heard from me, please consider this my request for you to send me an e-mail with any thoughts. Very informal. Just a quick e-mail with any thoughts you may have in the next week or so, and let's say -- I've noted that the end of next week is Friday the 13th, so that seems like a memorable day. An easy to remember day. So please get me a note by Friday, November 13th. I'd be grateful and, again, informal e-mail. Just any thoughts you have on some things we should consider. And what I'm hoping to do is to use the input from everyone to prepare a list ahead of a discussion in our December 1st meeting.

So, with that, many thanks to Mike and team for their leadership in developing these recommendations. As I said at the outset, and I think we've heard from others, they're very timely. And thanks to all of you for your engagement and support.

Let's me finish in saying Christian and the IM team for their terrific support. And, Dalia, before we close, do you have anything you'd like to add?

MS. BLASS: Just, again, my thanks for all the work here and these recommendations. They are going to be very helpful as we consider our regulatory framework in this area. So thanks, again, and for yet again taking, you know, time out of your day. But I know you're all busy, so we really appreciate that. Thank you.

MR. BERNARD: Thank you. Anyone have any other business for today? With that, we've -- new record for our committee as it ended up being a very efficient. Thank you. I thought it was a great discussion actually. Mike, thanks again for a great -- and we will stand adjourned and I'll see you all on December 1st.

(Whereupon, at 9:42 a.m., the meeting was adjourned.)

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PROOFREADER'S CERTIFICATE

In the Matter of: ASSET MANAGEMENT ADVISORY COMMITTEE MEETING

Date: Thursday, November 5, 2020

Location: Washington, D.C.

This is to certify that I, Christine Boyce (the undersigned), do hereby certify that the foregoing transcript is a complete, true and accurate transcription of all matters contained on the recorded proceedings of the meeting.

______________________ 11-10-2020

Proofreader's Name)

REPORTER'S CERTIFICATE

I, Beth Roots, reporter, hereby certify that the foregoing transcript is a complete, true and accurate transcript of the matter indicated, held on __11/5/2020___________, at Washington, D.C., in the matter of:

ASSET MANAGEMENT ADVISORY COMMITTEE MEETING.

I further certify that this proceeding was recorded by me, and that the foregoing transcript has been prepared under my direction.

11/10/2020

Beth Roots