

Tell us what you think!

Tailored Fund Disclosure Framework to Highlight Key Information

We are proposing a disclosure framework for mutual funds and exchange-traded funds (“funds”) that would highlight key information for investors. The proposal includes:

- amendments to fund shareholder reporting requirements;
- an alternative approach to the current delivery of annual prospectus updates to fund investors; and
- amendments to the presentation of fee and principal risk disclosure in fund prospectuses.

In addition, we are proposing amendments to fund advertising rules to promote more transparent and balanced statements about investment costs. Those amendments would apply to all registered investment companies and business development companies.

More information about the proposal is available at <https://www.sec.gov/rules/proposed/2020/33-10814.pdf>.

We are particularly interested in learning what small funds think about the proposed disclosure framework. Hearing from small funds could help us learn how the proposed amendments and new rule would affect these funds. We would appreciate your feedback on any or all of the following questions.

All of the following questions are optional, including any questions that ask about identifying information.

Please note that responses to these questions—including any other general identifying information you provide—will be made public.

Item 1: General Identifying Information

Instructions: At your option, you may include general identifying information that would help us contextualize your other feedback on the proposal. This information could include responses to the following questions, as well as any other general identifying information you would like to provide. Responses to these items—like responses to the other items on this Feedback Flier—will be made public.

- 1.1 How big is the fund in terms of net asset value? (This may be expressed as a range, for example, \$40 million to \$50 million.)

- 1.2 Please include any additional general identifying information that you wish to provide, that could add context for your feedback on the proposal.

Item 2: Current Shareholder Reporting and Prospectus Delivery Practices

The fund currently must provide annual and semi-annual shareholder reports in paper, unless the shareholder has elected electronic delivery.

- 2.1 Please provide an estimate of approximately how much it currently costs the fund annually to prepare and transmit annual shareholder reports. Please provide a dollar range of those costs and expenses.

- 2.2 Please provide an estimate of approximately how much it currently costs the fund annually to prepare and transmit semi-annual shareholder reports. Please provide a dollar range of those costs and expenses.

- 2.3 Rule 30e-3 under the Investment Company Act of 1940 currently provides an optional “notice and access” method to allow funds to satisfy their obligations to transmit shareholder reports, beginning on January 1, 2021. Do you anticipate that the fund will rely on the rule?

Yes No

- 2.4 Please provide any other information that you think could be helpful regarding the costs and expenses associated with current requirements to prepare and transmit annual and semi-annual shareholder reports.

Item 3: Principal Elements of the Proposed New Disclosure Framework

Proposed New Requirements for Funds' Annual and Semi-Annual Shareholder Reports

3.1 We are proposing that shareholder reports include the content described below. Please indicate whether the content should remain in the shareholder report, as proposed, whether the content should be disclosed elsewhere, or whether the content should be eliminated. If you think the content should be disclosed elsewhere, please explain.

Proposed Shareholder Reports

Description	Should the content remain in fund shareholder reports, as proposed? (yes/no)	Please include any comments that you would like to share about either the usefulness of the proposed content, including whether the content should be eliminated, or the location of the proposed content. If the content should be disclosed elsewhere, please explain.
a. Expense Example		
b. Management's Discussion of Fund Performance (required in Annual Report; optional in Semi-Annual Report)		
c. Fund Statistics (fund's size, number of investments, and annual portfolio turnover)		
d. Graphical Representation of Holdings		
e. Material Fund Changes (required in Annual Report; optional in Semi-Annual Report)		
f. Statement Regarding Liquidity Risk Management Program		

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3.2 Is there content that should be added to funds' shareholder reports that is not included in the proposal?

Yes No

If so, what content should be added to funds' shareholder reports?

3.3 Approximately how much do you think it would cost the fund to transition to the new requirements for preparing and transmitting annual and semi-annual shareholder reports under the proposal? Please provide a dollar range of those costs and expenses.

3.4 Approximately how much do you think it would cost the fund on an ongoing annual basis to prepare and transmit annual shareholder reports under the proposal? Please provide a dollar range of those costs and expenses.

3.5 Approximately how much do you think it would cost the fund on an ongoing annual basis to prepare and transmit semi-annual shareholder reports under the proposal? Please provide a dollar range of those costs and expenses.

Proposed New Form N-CSR and Website Availability Requirements

3.6 We are proposing that the fund no longer include the content, described in the chart below, in its annual and semi-annual shareholder reports. Instead, the fund would include that content in its filings on Form N-CSR. Please indicate whether the content should be disclosed in the fund’s filings on Form N-CSR, as proposed, whether the content should remain in the fund’s annual and semi-annual shareholder reports, or whether the content should be eliminated. If you think the content should be disclosed elsewhere, please explain.

Proposed New Content for Form N-CSR

Description	Should the content be disclosed in filings on Form N-CSR, as proposed? (yes/no)	Should the content remain in shareholder reports? (yes/no)	Should the content be disclosed elsewhere or eliminated? If the content should be disclosed elsewhere, please explain.
a. Financial Statements for Funds			
b. Financial Highlights for Funds			
c. Remuneration Paid to Directors, Officers, and Others of Funds			
d. Changes In and Disagreement With Accountants for Funds			
e. Matters Submitted to Fund Shareholders for a Vote			
f. Statement Regarding the Basis for the Board’s Approval of Investment Advisory Contract			

3.7 Is there content that a fund should have to disclose on Form N-CSR that is not included in the proposal?

Yes No

If so, what content requirement(s) should be added to Form N-CSR?

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3.8 Approximately how much do you think it would cost the fund to transition to the proposed requirements to file certain new information on Form N-CSR instead of including this information in its annual and/or semi-annual shareholder reports? Please provide a dollar range of those costs and expenses.

3.9 Approximately how much do you think it would cost the fund on an ongoing annual basis to comply with the proposed new Form N-CSR content requirements? Please provide a dollar range of those costs and expenses.

3.10 We are also proposing to require that a fund would have to make available all of new Form N-CSR content (described in the chart above), as well as the fund’s complete portfolio holdings as of the close of the fund’s most recent first and third fiscal quarters, on a website. In addition, we are proposing that the fund deliver such materials to investors upon request, free of charge.

a. Approximately how much do you think it would cost the fund to transition to the proposed new website availability requirements? Please provide a dollar range of those costs and expenses.

b. Approximately how much do you think it would cost the fund on an ongoing annual basis to comply with the proposed new website availability requirements? Please provide a dollar range of those costs and expenses.

Proposed New Treatment of Annual Prospectus Updates

- 3.11 Please provide an estimate of approximately how much it currently costs the fund on an annual basis to provide annual prospectus updates to shareholders. Please provide a dollar range of those costs and expenses.

- 3.12 Reliance on proposed rule 498B—under which the fund would send existing investors certain notices in lieu of annual prospectus updates—would be optional. Do you think that the fund would rely on proposed rule 498B?

Yes No

If you think the fund would rely on proposed rule 498B, approximately how much do you think the following would cost the fund? Please provide a dollar range of those costs and expenses:

- a. The cost to the fund of transitioning to proposed rule 498B;

- b. The ongoing costs on an annual basis for the fund to comply with proposed rule 498B (excluding transmitting notices of material changes to shareholders); and

- c. The ongoing costs on an annual basis for the fund to transmit notices of material changes to shareholders, if any.

Proposed Changes to Rule 30e-3: Open-End Funds Could No Longer Use “Notice and Access” Model to Transmit Shareholder Reports

- 3.13 Beginning on January 1, 2021, a fund currently would be permitted to transmit shareholder reports under rule 30e-3, provided certain conditions are met, such as including a required statement on each prospectus. However, the proposal would no longer permit open-end funds to rely on rule 30e-3 to transmit shareholder reports. Approximately how much do you think it would cost the fund to transition away from the rule 30e-3 “notice and access” model? Please provide a dollar range of those costs and expenses.

Proposed Prospectus Disclosure Changes: Fund Fees and Risks

- 3.14 Approximately what do you think it would cost the fund to transition to the proposed new requirements for prospectus disclosure of fund fees and expenses, and fund principal risks? Please provide a dollar range of those costs and expenses.

- 3.15 Approximately what do you think it would cost the fund on an ongoing annual basis to comply with the proposed new requirements for prospectus disclosure of fund fees and expenses, and fund principal risks? Please provide a dollar range of those costs and expenses.

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3.16 Should we modify any of the proposed new requirements for prospectus disclosure of fund fees and expenses, and fund principal risks, and if so, how?

3.17 Are there additional ways to improve how funds disclose their fees and expenses to represent more accurately the full costs associated with a fund investment and to help investors better understand their investment costs?

Proposed Amendments to Fund Advertising Rules

3.18 Does the fund currently include fee and expense information in its advertisements and other marketing materials?

Yes No

3.19 We are proposing to amend the advertising rules to require that investment company fees and expenses in advertisements and supplemental sales literature be consistent with relevant prospectus fee table presentations and be reasonably current. The proposed amendments also address current representations of fund fees and expenses that could be materially misleading.

a. Approximately how much do you think it would cost the fund to comply with the proposed amendments to the investment company advertising rules (please provide a dollar range)?

3.20 Are there additional ways that we could improve the fee and expense presentations in fund advertisements and supplemental sales literature?

Item 4: Other Feedback

Instructions: Please provide any additional suggestions or comments you have about our fund disclosure proposal.

In addition, please provide any suggestions or comments about what the Commission can do to encourage the use of technology in fund disclosure.

We will post your feedback on our website. Your submission will be posted without change; we do not redact or edit personal identifying information from submissions. You should only make submissions that you wish to make available publicly.

If you are interested in more information on the proposal, or want to provide feedback on additional questions, click [here](#). Comments should be received on or before __ __, 2020.

Thank you!

Press continue to submit...

Continue

Other Ways to Submit Your Feedback

You also can send us feedback in the following ways (include the file number S7-09-20 in your response):

Print Your Responses
and Mail
Secretary
U.S. Securities and
Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Print a PDF of Your
Responses and Email
Use the printer friendly page
and select a PDF printer to
create a file you can email to:
rule-comments@sec.gov

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