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SEC Paperless Rulemaking: Nation’s Leading Consumer Groups Set Record Straight with Congress Ahead of Looming Deadline

Groups Call on Key Appropriators to Approve Senate Language Blocking Rule 30e-3, which Would Make Electronic Delivery the Default for Investment Reports; Groups Instead Urge Streamlined, Investor-Friendly Report Format Recommended by SEC Advisory Committee

WASHINGTON, D.C. (February 27, 2018) – The [Coalition for Paper Options](#) and its members, the [Coalition of Mutual Fund Investors](#), [Consumer Action](#), the [National Consumers League](#), and the [National Grange](#), today sent a [joint letter](#) to key members of the House and Senate Appropriations Committees to correct misinformation about the SEC paperless rulemaking, and to urge the appropriators to adopt Senate appropriations language blocking the SEC proposal as the next deadline for funding the government approaches.

The [letter](#) – sent today to Sens. Thad Cochran (R-Miss.) and Shelley Moore Capito (R-W. Va.), as well as Reps. Rodney Frelinghuysen (R-NJ) and Tom Graves (R-Ga.) – specifically confronts false information being propagated by the Investment Company Institute (ICI) as it lobbies for SEC Rule 30e-3 – a proposal which would allow mutual funds to discontinue the mailing of shareholder reports and other important investment information.

Through its advocacy and media efforts, ICI has led Congress to believe that investors don’t already have the option to choose electronic delivery, when in fact, they already have that right. ICI efforts have also ignored prudent recommendations from the SEC Investor Advisory Committee, which urged the SEC to abandon Rule 30e-3 and instead focus on condensing investment reports.

The letter states, in part:

“Contrary to [what members of Congress have heard through ICI efforts], investors have long had the ability to opt-in to electronic delivery of mutual fund performance reports, and almost half of all investors have chosen to do so ... We have no issue with e-delivery, robust web access or online commerce. What we oppose is forcing investors into these services against their will ... It is simply premature to force them to have to claw back their preferred paper delivery of shareholder reports simply to satisfy the ease and convenience of investment companies.

“It would be far better for the SEC to follow the recommendations of its own Investor Advisory Committee, which has formally approved recommendations calling for streamlining the length of investment reports while maintaining a default to mail delivery until the investor opts into electronic delivery. These recommendations would reduce the cost of these reports, while maintaining delivery of critical information to investors about mutual fund performance.



“Approving language in the Senate FSGG appropriations bill that would block further work by the SEC on Rule 30e-3 is the best way to ensure that we can streamline investment reports so that they are better for investors and cheaper for investment companies, while maintaining investor access and choice. Congress needs to put the needs of the American investors ahead of the Investment Company Institute and not be swayed by its misinformation campaign.”

Part of the broader Investment Company Reporting Modernization rulemaking, Rule30e-3 would allow mutual funds to simply post shareholder reports to a website and require investors to specifically request mail delivery – even though investors already have the ability to request this information electronically, and the majority have opted to continue receiving them by mail. More than 900 Americans, including individual investors and elected officials, have filed [comments](#) with the SEC in opposition to the rule and its negative impact shareholders who need or prefer access to paper reports.

About the Coalition for Paper Options

The Coalition for Paper Options is an alliance of consumer organizations, labor unions, rural advocates, and print communications industry organizations and employees who recognize the need to preserve access to important paper-based information and services for Americans who prefer them or depend on them. While the Coalition for Paper Options supports the use of technology, we believe that the government and private sector should promote digital services and information without discriminating against citizens who want or need more traditional access. By giving Americans a choice, we can bridge the digital divide and save millions of dollars – without shifting cost burdens to citizens who can least afford them. For more information and a list of members, visit www.paperoptions.org.