

# THE FINANCIAL SERVICES ROUNDTABLE



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*Impacting Policy. Impacting People.*

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## VIA EMAIL

Ms. Nancy Morris, Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington DC 20549-1090

### **RE: File Number S7-28-07**

Dear Ms. Morris:

The Financial Services Roundtable<sup>1</sup> (“Roundtable”) submits this letter in support of the Securities and Exchange Commission’s (“SEC”) proposal for the enhanced disclosure and new prospectus delivery options for registered open-end management investment companies. The Roundtable believes that the proposal generally is a positive step towards providing clear and concise disclosures, making the best information available to investors and utilizing technology in delivering the disclosures.

The Roundtable’s chief concern with the proposal is in relation to the requirement that the summary prospectus be updated on a quarterly basis. The full prospectus currently is, and under the proposal would continue to be, updated on an annual basis. The need to update the summary prospectus each quarter would be very burdensome, especially for mutual fund families that offer their shares through broker-dealers and other sales intermediaries. The need to provide new summary prospectuses to sales intermediaries every quarter would discourage many mutual fund families from utilizing the mutual fund summary prospectus. Therefore, the Roundtable *recommends* that this quarterly update requirement be removed. As an alternative, the Roundtable *recommends* that the summary prospectus be updated annually but include a legend directing investors to the fund's website for more current information on performance and fund holdings.

The proposed amendments to Form N-1A require a summary section with comprehensive information from the prospectus. The summary section is required to include information on investment objectives, costs, principal investment strategies, risks and performance, top ten portfolio holdings, investment advisers and portfolio managers, brief purchase and sale and tax information, and financial intermediary compensation. The Roundtable supports including clear and concise information in this summary, but does not believe that the requirement that the summary list of the top 10 portfolio holdings necessarily provides “key information that is

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<sup>1</sup> The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$66.1 trillion in managed assets, \$1.1 trillion in revenue, and 2.5 million jobs.

important to an investment decision.”<sup>2</sup> Therefore, the Roundtable *recommends* that the top 10 holdings requirement be deleted from the summary prospectus.

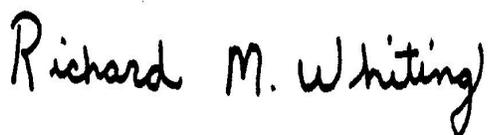
The Roundtable *recommends* that there is some format flexibility in this summary. For example, several life cycle funds should be permitted to be included within a single summary, rather than separate summaries for each fund. Another example is in relation to the hyperlinking requirements. The hyperlinking requirements within the proposal are overly complex and significantly increase the cost of taking advantage of this otherwise favorable proposal. This issue would create even more burden and excessive costs to the industry, especially if it is coupled with the quarterly updating requirement of quarterly technology work and compliance quality checks to link relevant information between electronic versions of the full prospectus and summary prospectus. Therefore, the Roundtable *recommends* that these hyperlinking requirements be optional.

The SEC proposes providing the summary prospectus directly to investors and posting the statutory prospectus on an Internet site, as well as, providing the investor with the option of requesting a hard copy of the statutory prospectus. The Roundtable agrees that this delivery requirement provides investors with adequate information to make sound investment decisions.

Currently, a number of regulatory agencies are examining the disclosures used within their respective industries.<sup>3</sup> The Roundtable *strongly recommends* that the regulators work together to develop a commonality among the disclosure requirements so as not to create any undue burden on the industry to comply.

Thank you again for the opportunity to share our views with you on this subject. If you have any questions, please feel free to contact me or Melissa Netram at 202-289-4322.

Sincerely,

A handwritten signature in black ink that reads "Richard M. Whiting". The signature is written in a cursive, slightly slanted style.

Richard Whiting  
Executive Director and General Counsel

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<sup>2</sup> See Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, SEC Release No. 33-8861 (Nov. 21, 2007), 72 Fed. Reg. 67790 (Nov. 30, 2007) at page 26.

<sup>3</sup> For example, the Department of Labor is in the process of reviewing comments on its proposed amendment to 408(b)(2) disclosures. See the Roundtable's comment letter to the Department of Labor at: [http://www.fsround.org/policy/regulatory/pdfs/Roundtablecomments\\_408b2.final.pdf](http://www.fsround.org/policy/regulatory/pdfs/Roundtablecomments_408b2.final.pdf).