

MFS Investment Management
111 Huntington Avenue
Boston, MA 02199



January 11, 2021

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington D.C. 20549

Re: *Notice of Filing of Proposed Rule Change Amending Its Rules Establishing Maximum Fee Rates To Be Charged By Member Organizations for Forwarding Proxy and Other Materials to Beneficial Owners (File No. SR-NYSE-2020-96)*

Dear Ms. Countryman:

On behalf of MFS Investment Management, I would like to thank the Commission and its staff for their continuing focus on the issues underlying the above-captioned proposal (the "Proposal"). As MFS has expressed to the Commission in the past, the current regulatory framework governing processing fees charged in connection with the delivery of investment company (or "fund") shareholder documents has been applied in a manner that has resulted in shareholder expenses that are higher than are reasonable or necessary. For the reasons discussed herein, MFS agrees with the views expressed by the Investment Company Institute in its letter to you on this matter.¹

MFS is a global asset management firm providing investment management services to various clients including 133 SEC-registered investment companies held by over fifteen million shareholder accounts. Over fourteen million of these accounts are held through intermediaries and are therefore subject to the fees that are the subject of the Proposal. Since all such fees are fund expenses, fund shareholders will be the primary beneficiaries of any Commission action that ultimately results in the reduction of these fees.²

While we are generally in support of the Proposal, we agree with the opinion expressed in the ICI Letter that the Commission is in the best position to interpret its rules. We also agree with the ICI that the introduction of competition into the beneficial shareholder mailing marketplace will naturally produce the fairness and equilibrium that has, to the detriment of fund shareholders, been lost over time. Commission action may be necessary to remove certain barriers to such competition. This "competition solution" would be consistent with the Commission's mandate in Section 3(f) of the

¹ See Letter from Dorothy M. Donohue, Deputy General Counsel and Joanne Kane, Senior Director, Investment Company Institute, dated January 11, 2021 (the "ICI Letter").

² Many advisers to mutual funds, including MFS, have expense limitation arrangements with certain funds whereby the adviser reimburses the fund if particular shareholder expenses exceed certain thresholds. MFS and other advisers may have a secondary benefit to the extent that Commission action reduces shareholder expenses below these thresholds.

Securities Exchange Act of 1934 to consider the protection of investors and the promotion of efficiency, competition, and capital formation.

Should the Commission determine not to pursue the foregoing solution, MFS urges that it follow the recommendations of the ICI Letter to, independently or in cooperation with FINRA, reform the current processing fee schedule.

As we have stated in past comment letters on this subject, the plain terms of the Commission rules that gave rise to the current regulatory framework provide only for "reimbursement" of "reasonable expenses."³ It could not have been the intention of the Commission in adopting these rules to create a system that is without accountability to fund shareholders.⁴ We urge the Commission to take steps to put the system back on track consistent with its original purpose.

Thank you for taking the time to consider our views. Should you have any questions, please contact me at [REDACTED] or Jay Herold, Vice President and Senior Counsel, at [REDACTED].

Sincerely,



Heidi Hardin
Executive Vice President and General Counsel

cc: The Honorable Elad L. Roisman, Acting Chairman
U.S. Securities and Exchange Commission

The Honorable Hester M. Peirce, Commissioner
U.S. Securities and Exchange Commission

The Honorable Allison Herren Lee, Commissioner
U.S. Securities and Exchange Commission

The Honorable Caroline A. Crenshaw, Commissioner
U.S. Securities and Exchange Commission

³ See, e.g., Rule 14b-1 under the Securities Exchange Act of 1934, as amended.

⁴ Note the findings referred to in the ICI Letter that show that funds pay three to five times as much to distribute materials through intermediaries as they pay when they can distribute materials directly. See ICI Letter, at p. 2.