

Regulatory Insights

Regulatory Insights for Asset Managers, Mutual Funds and Retirement Firms

CONTENTS

- SEC: Fund Retail Disclosures and NYSE Interim Fees Releases
- Final SEC Rule 30e-3
- Upcoming SEC Proxy Process Discussions
- DOL and SEC Investment Advice/Fiduciary Rules
- HR 4610 “Receiving Electronic Statements to Improve Retiree Earnings (RETIRE) Act”
- MiFID II: Updated transitional Transparency Calculations
- Potential New SEC Commissioners: Elad Roisman and Allison Lee
- Trump Requests SEC to Study Public Company Reporting

SEC: FUND RETAIL DISCLOSURES AND NYSE INTERIM FEES RELEASES

On June 5, the SEC issued two releases requesting public comment: 1. enhancing fund disclosures to retail investors and improving the investor experience; and, 2. the overall framework for NYSE Interim fees charged by broker dealers and other intermediaries under NYSE rules. Additional background information can found at:

- Disclosure Release: [sec.gov/rules/other/2018/33-10503.pdf](https://www.sec.gov/rules/other/2018/33-10503.pdf)
- Fee Release: [sec.gov/rules/other/2018/33-10505.pdf](https://www.sec.gov/rules/other/2018/33-10505.pdf)

Comments for each Release is due on October 31, 2018.



FINAL SEC RULE 30E-3 – OPTIONAL INTERNET AVAILABILITY OF INVESTMENT COMPANY SHAREHOLDER REPORTS

On June 5, the SEC announced adoption of rule 30e-3, which creates an optional “notice and access” method for delivering annual and semi-annual shareholder reports to shareholders. For a detailed overview of the rule, refer to [broadridge.com/resource/sec-rule-30e-3-provides-for-optional-internet-availability-of-shareholder-reports](https://www.broadridge.com/resource/sec-rule-30e-3-provides-for-optional-internet-availability-of-shareholder-reports).

On August 3, the SEC published a guide that summarizes the rule for small firms pursuant to Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996. The guide can be found at: [sec.gov/investment/secg-optional-internet-availability-investment-company-shareholder-reports-rules](https://www.sec.gov/investment/secg-optional-internet-availability-investment-company-shareholder-reports-rules)

On August 3, Twin River Paper Company, Consumer Action, the Paper Coalition and other entities filed suit in federal court to prevent the SEC from implementing the final rule, which becomes effective on January 1, 2019 (*notices can be sent starting on January 1, 2021*). We will monitor the proceedings and provide updates as they become available.

UPCOMING SEC PROXY PROCESS DISCUSSIONS

SEC Proxy Process Roundtable

On July 30, the SEC announced a roundtable this fall to discuss the proxy process. The date, agenda and participants have not been announced, but potential topics for consideration include: voting process, retail shareholder participation, proxy advisor firms, technology and innovation.

Chairman Clayton stated: "In light of the many changes in our markets, technology, and how companies operate since [the 2010 concept release on proxy plumbing], SEC staff will host a roundtable this fall to hear from investors, issuers, and other market participants about whether the SEC's proxy rules should be refined."

The SEC's roundtable announcement can be found at: [sec.gov/news/public-statement/statement-announcing-sec-staff-roundtable-proxy-process](https://www.sec.gov/news/public-statement/statement-announcing-sec-staff-roundtable-proxy-process)

SEC Investor Advisor Committee Panels

The SEC announced that its September 13, 2018 meeting will include panel discussions on the proxy process, including U.S. Proxy Voting Infrastructure.

The agenda, including panel speakers can be found at: [sec.gov/spotlight/investor-advisory-committee-2012/iac091318-agenda.htm](https://www.sec.gov/spotlight/investor-advisory-committee-2012/iac091318-agenda.htm)

DOL AND SEC INVESTMENT ADVICE/FIDUCIARY RULES

Department of Labor ("DOL") Fiduciary Rule – rule officially rescinded

On June 21, the U.S. Court of Appeals for the Fifth Circuit vacated the DOL Fiduciary Rule, including its definition of "fiduciary," and all related exemptions.

DOL Guidance:

On May 7, 2018, the DOL issued Field Bulletin ("FAB") 2018-02, announcing a temporary non-enforcement policy on prohibited transaction rules applicable to investment advice fiduciaries due to uncertainty of the breadth of the prohibited transaction exemptions.

On August 7, the American Retirement Association ("ARA") sent a letter to the DOL, requesting that the DOL further spell out some of the details in its May FAB. Specifically, ARA requested that the DOL make clear that its non-enforcement policy for prohibited transactions applies to retirement plan fiduciaries who make rollover recommendations to plan participants.

We expect that the DOL will engage in additional action in this area and we will provide updates as they develop.

SEC: Regulation best interest – rule proposal

Although the comment period for Regulation Best Interest has ended, SEC Chairman Clayton is still taking suggestions. In a public statement, Clayton stated that based on feedback, "it is clear that the key differences between broker-dealers and investment advisers are not well understood by many of our Main Street investors." The SEC provided an overview of their key findings to date, which can be found at: [sec.gov/news/public-statement/statement-clayton-082218](https://www.sec.gov/news/public-statement/statement-clayton-082218)

A 7th town hall was announced that will be held in Baltimore on the evening of September 20, 2018. Commissioners Kara Stein and Robert Jackson are expected to join Chairman Clayton and senior SEC staff at this event. More details for the event can be found at: [sec.gov/news/press-release/2018-162](https://www.sec.gov/news/press-release/2018-162)

HR 4610 "RECEIVING ELECTRONIC STATEMENTS TO IMPROVE RETIREE EARNINGS (RETIRE) ACT"

House bill 4610 would change the default to e-delivery for communications to retirement plan participants. The bill was introduced in the House on 12/11/17 and referred to committee for consideration. The bill might be included in the next tax bill ("Tax Reform 2.0") currently being considered in the House.

MIFID II: UPDATED TRANSITIONAL TRANSPARENCY CALCULATIONS

On August 6, the European Securities and Markets Authority (ESMA) published an updated version of the MiFID II/MiFIR transitional transparency calculations (TTC). The updates include equity derivatives, equity and equity-like instruments and tick size band assessment.



The TTC is a series of calculations in relation to equity and non-equity instruments which National Competent Authorities (NCAs) are responsible for performing. EU trading venues are expected to apply the TTC results starting August 13.

The updates can be found at: esma.europa.eu/press-news/esma-news/esma-updates-equity-derivatives-equity-and-equity-instruments-transitional

POTENTIAL NEW SEC COMMISSIONERS: ELAD ROISMAN AND ALLISON LEE

On June 1, the White House announced that it intended to nominate Elad Roisman (Republican) to replace outgoing Commissioner Piovolar. A senate confirmation hearing was held on August 2, and the Senate Banking Committee on August 23 approved his nomination. The next step is for a Senate floor vote by the full chamber to confirm the nomination.

Allison Lee (Democrat), who previously served as an aide to SEC Commissioner Kara Stein, as well as an enforcement attorney at the SEC, is reportedly President's Trump's nominee to replace Stein, whose term has expired.

TRUMP REQUESTS SEC TO STUDY PUBLIC COMPANY REPORTING

On August 17, Trump asked the SEC to study whether public companies should “stop quarterly reporting and go to a six month system,” in order to promote longer term planning.

On August 17, the Wall Street Journal reported that the SEC plans to issue a document in the next week that seeks input on how to promote long-term focus among public companies and investors.

FOR MORE INFORMATION

For more information on these and other trends, please contact your Broadridge Account Manager or Frank.Maresca@Broadridge.com

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