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March 23, 2012

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: Comment Request for Study Regarding Financial Literacy Among Investors; File No. 4-645

Dear Ms. Murphy:

The Independent Directors Council (“IDC”)¹ appreciates the opportunity to offer its input into the Securities and Exchange Commission’s study on financial literacy among investors. The independent director community recognizes the importance of improving financial literacy as a means to empower individual investors to participate in the financial markets. In this regard, IDC has long supported improvements to the quality of disclosure investors receive.² IDC’s comments reiterate previous statements we have made to encourage the Commission to move forward with two initiatives:

¹ IDC serves the fund independent director community by advancing the education, communication, and policy positions of fund independent directors, and promoting public understanding of their role. IDC’s activities are led by a Governing Council of independent directors of Investment Company Institute member funds. ICI is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds, and unit investment trusts. Members of ICI manage total assets of \$12.98 trillion and serve over 90 million shareholders, and there are almost 1,900 independent directors of ICI member funds. The views expressed by IDC in this letter do not purport to reflect the views of all fund independent directors.

² *See, e.g.*, Letter from Dorothy A. Berry, IDC Governing Council Chair, to Elizabeth M. Murphy, Secretary, U.S. Securities and Exchange Commission (May 31, 2011) (supporting FINRA’s proposal to require broker-dealers that sell investment company securities and receive cash compensation to make disclosures to investors about the cash compensation arrangements); Letter from Dorothy A. Berry, IDC Governing Council Chair, to Elizabeth M. Murphy, Secretary, U.S. Securities and Exchange Commission (September 15, 2009) (supporting the SEC’s governance disclosure proposal); and Letter from Robert W. Uek, IDC Governing Council Chair, to Nancy M. Morris, Secretary, U.S. Securities and Exchange Commission (February 15, 2008) (supporting the SEC’s summary prospectus proposal).

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improving the disclosures made to investors at the “point of sale” and streamlining the presentation of fund shareholder reports. We believe that the Commission’s study, required by Section 917 of the Dodd-Frank Act, presents an opportune time to proceed with these initiatives.

We urge the Commission to carefully consider how to implement a point of sale disclosure requirement. Disclosure made to investors at the point of sale is essential to help investors make informed decisions regarding the investment options available to them, the compensation paid to a financial intermediary, and any potential conflicts of interest. This disclosure should be concise, easy to understand, and in a standardized format provided either prior to or at the time an investment account is opened or the customer commences a relationship with a financial intermediary. To ensure the success of such an important initiative, it is critical that any point of sale disclosure requirement apply to *all* investment products and services offered by brokers and other financial intermediaries. Such disclosure requirements would enhance the financial literacy of all investors, not just fund investors. We continue to be concerned that a point of sale disclosure requirement applicable only to the sale of mutual funds, but not other investments, such as separately managed accounts or hedge funds, may discourage brokers from selling funds. Rather, brokers and other financial intermediaries may recommend investment products that do not offer investors the same level of regulatory protections, if any at all, as mutual funds — an outcome that would be detrimental to both investors and the fund industry.

The second initiative we urge the Commission to consider as part of its study is improving the usability of mutual fund shareholder reports. The Commission successfully implemented a layered disclosure approach for mutual fund prospectuses, and IDC encourages the Commission to apply the success of that project to shareholder reports. Like prospectuses, shareholder reports typically are lengthy, difficult to understand, and not often read by investors.³ Investors would benefit from receiving summary financial information, and having access to other, more detailed information, that may only be of interest to a more limited number of shareholders, on the Internet. A layered disclosure approach coupled with the use of the Internet would help investors access shareholder reports in a more user-friendly fashion and increase their usefulness.

* * * * *

³ See Investment Company Institute, Understanding Investor Preferences for Mutual Fund Information, Research Report, August 2006, available at http://www.ici.org/stats/res/rpt_06_inv_prefs_full.pdf.

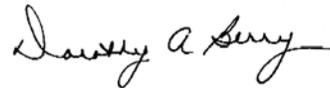
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We strongly support the Commission's efforts to enhance financial literacy among investors. If you have any questions, please contact Amy Lancellotta, IDC Managing Director, at (202) 326-5824 or amy@ici.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Dorothy A. Berry". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dorothy A. Berry

Chair, IDC Governing Council

cc: Eileen Rominger, Director
Susan Nash, Associate Director
Division of Investment Management