Broadridge™

Broadridge Financial Solutions, Inc.
1155 Long Island Avenue, Edgewood, NY 11717

631 254 7451 Direct
www.broadridge.com

Gerard F. Scavelli
President
Information Distribution Solutions
Gerard.Scavelli@broadridge.com

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Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: File Number S7-28-07

Dear Ms. Morris:

We appreciate the opportunity to comment on the Securities and Exchange Commission's (SEC's) proposed rules, *Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies* (the "Proposal"). As the largest provider of shareholder communications services, Broadridge welcomes the opportunity to provide the SEC and other interested parties with factual information on investor participation and costs associated with shareholder communications rules. We do not opine on whether any particular regulatory policies are appropriate for U.S. markets; our comments focus on processing, operational and technical details. On October 26, 2007, upon request of the SEC Division of Investment Management, we provided information on printing and postage costs generally associated with mutual fund prospectus delivery. We appreciate the opportunity to submit additional comments on the proposing release.

First, we applaud the SEC for providing a new option for investment companies and financial intermediaries to reduce printing and postage costs. We estimate that mailing a short, Summary Prospectus in place of a long, statutory prospectus could save some investment companies and financial intermediaries 60% or more on printing and postage, on a unit cost basis. We also applaud the SEC for designing a more user-friendly disclosure document for investors, and for building upon existing preferences and technologies for how investors would access a Summary Prospectus.

In addition to offering our support for the goals of the Proposal, we would like to respond to the SEC's request for comment on whether an alternative, "access equals delivery" approach would negatively impact mutual fund investors' access to information. Section II.B.1, of the proposing release (page 43) seeks comment on the following questions:

> *Does the proposed approach adequately protect investors who have no Internet access or limited Internet access or who prefer not to receive information about mutual fund investments over the Internet?*
>
> *Should we permit mutual funds to meet their prospectus delivery obligations by filing with the Commission and/or posting online without giving or sending a Summary Prospectus?*

Under current rules, prospectus information is sent automatically to all mutual fund investors -- by default, the information is sent in hardcopy form unless investors indicate a preference for electronic delivery, in which case it is typically sent by email. The Proposal would preserve this access mechanism for delivery of a more user-friendly Summary Prospectus. In contrast, with an alternative access equals delivery approach, investors would need to first find and then access such information on the Internet. Access equals delivery leaves open such important questions as, e.g.: (i) how investors are made aware of the timing and location of pertinent information on the Internet; (ii) whether investors would take steps to access the information once they are made aware of its existence and location; (iii) what the impact would be of not utilizing investors' existing preferences for information access; and, (iv) what the impact would be on segments of investors who lack effective access to the Internet.

Investors overall are afforded greater access to disclosure information that is sent automatically to them (by mail or by email, consistent with current consents), than to information which must be viewed on the Internet or obtained by calling a toll-free number, under an access equals delivery approach. Third-party research and empirical measurements bear this out – these include: (i) analyses of investor demographics and Internet usage; (ii) analyses of the impact of changes in default mechanisms; (iii) recent empirical measurement of the SEC's "e-proxy" rules; and, (iv) analyses of investors' delivery preferences.

The Proposal avoids some of the negative aspects associated with an access equals delivery approach in at least two important ways:

1. Millions of mutual fund investors who lack effective access to the Internet would, at a minimum, automatically receive the information contained in a Summary Prospectus, without having to ask for it.

Research by Forrester, the Investment Company Institute ICI), Pew, AARP and others, shows that effective Internet access is not evenly distributed among millions of U.S. mutual fund investors. Online access is more limited, for example, for seniors and lower income Americans than it is for younger, more affluent segments. Examples of relevant statistics include the following, among others:

- According to ICI, over one-third of households headed by seniors, age 65 and older, own mutual funds. (Investment Company Institute, 2007 Handbook)
- According to Forrester, 37% of mutual fund investors who are 65 years of age or older lack Internet access (Forrester Research Inc., Consumer Technographics Research, 2005 panel data).
- According to Pew, although the digital divide is narrowing, "49% of Americans only occasionally use modern gadgetry and many others bristle at electronic connectivity." (Pew Internet & American Life Project, 2007.)

In addition, many investors who regularly use the Internet prefer receiving hardcopy disclosures to viewing them online. AARP surveys in March, 2004 and February, 2006, indicate investor preferences for plain-English disclosures in hardcopy format. Based on Broadridge's experience, of the more than ninety million investors who receive annual proxy voting information, approximately fourteen million have provided their positive consent to receive such information electronically (by default, all others receive such information in hardcopy format). In the years since SEC rules have permitted e-delivery of proxy information, investors have received over three billion notifications to enroll in e-delivery. Over two million of those who initially enrolled subsequently rescinded their consent. In exit surveys asking investors the reasons why they rescinded their consent, over one-half cited a preference for hardcopy. Many investors indicate they object to the relatively high costs of printing documents at home.

2. The Proposal avoids the access equals delivery "pitfall" that would be associated with a change in the default for delivery of a Summary Prospectus.

The Proposal utilizes current defaults and preferences associated with delivery of a Summary Prospectus. With an access equals delivery approach, the vast majority of investors would instead need to opt-in to receive this basic information. Academic research has shown that small changes in default mechanisms can result in large, unintended consequences. Generally, opt-in rates are low, opt-out rates are low, and when there is a change in the underlying default, individuals frequently take no action. For a summary of academic research studies on default programs, refer to ADP's comment letter to the SEC's Proposed Rules on "e-proxy," File no. S7-10-05, February 13, 2007: "Channel Factors that Block (Psychologically) Effective Access," Sendhil Mullainathan and Daylian Cain, Harvard University; and, "Defaults and Deciding to Use Information," Eric Johnson, Columbia University.

There is empirical evidence on the impact to investor participation of changing the default associated with proxy statement disclosures. The SEC's "e-proxy" rules require investors to take steps to obtain the proxy information and ballots they otherwise received automatically in the past. As of January 31, 2008, sixty-one corporate issuers used "e-proxy" for their shareholder meetings. As a result, proxy voting by the retail investors who are affected by the rules decreased by approximately 75%. (Monthly statistics on "e-proxy" are published on Broadridge's website.)

Notwithstanding differences in the nature and content of proxy statements and prospectuses, early experiences with "e-proxy" indicate that few investors take steps to access disclosure documents when additional steps are introduced. This is consistent with the research on defaults -- small hurdles can result in less action being taken, even when it's in one's economic interest to act. For example, many consumers who are motivated by a rebate offer to purchase an item never redeem the offer; similar populations of 401(k) plan participants have different savings rates depending upon whether they are asked to opt-in or opt-out.

Under the proposed rules for prospectus delivery, changes in the default are limited to the methods by which investors access statutory prospectuses. Provisions in the Proposal to make it easier for investors to view and navigate online prospectuses are intended to facilitate use of detailed information. If the Proposal is adopted, the SEC may be interested in monitoring the extent to which investors access information electronically and the resulting cost savings. This is an area where we believe we can be helpful, and we look forward to working with the SEC and the staff to provide information associated with mutual fund prospectus delivery and delivery of other materials.

Conclusion

Broadridge is committed to implementing any new SEC rules as effectively as possible. We applaud the SEC for providing a new option for investment companies and financial intermediaries to reduce printing and postage costs, and for designing a more user-friendly disclosure document for investors. The Proposal does not change the underlying default on how investors access the basic information contained in a Summary Prospectus. By reflecting investors' current delivery preferences, the Proposal avoids some of the unintended consequences to investor participation that an access equals delivery approach would create.

We hope this letter has been helpful. We would like to reiterate our thanks to the SEC for the opportunity to comment.

Sincerely,

Gerard F. Scavelli

cc: The Honorable Christopher Cox, Chairman
The Honorable Paul S. Atkins, Commissioner
The Honorable Kathleen L. Casey, Commissioner
Andrew J. Donohue, Director, Division of Investment Management
Susan Nash, Associate Director, Division of Investment Management
Brent J. Fields, Assistant Director, Division of Investment Management
Tara R. Buckley, Branch Chief, Division of Investment Management
Kieran G. Brown, Senior Counsel, Division of Investment Management
Sanjay Lamba, Senior Counsel, Division of Investment Management