

ICI CEO Pan Promotes Benefits of Funds at Investment Management Conference

Palm Desert, CA; March 20, 2023 – Today Investment Company Institute (ICI) President and CEO Eric Pan promoted the benefits of funds in front of an audience of senior regulatory officials and industry leaders at the [2023 Investment Management Conference \(IMC\)](#) in California.

ICI's Pan focused his remarks on the historic success of mutual funds and addressed the impact of various pending regulatory proposals on mutual funds. He was immediately followed on stage by the SEC's Director of the Division of Investment Management, William Birdthistle. Later today, SEC Commissioner Mark Uyeda will address the conference.

Key excerpts from Pan's remarks follow:

The success of mutual funds:

"For the great majority of Americans, the mutual fund is the *cornerstone* of their secure financial future.

"...We should ask ourselves what we can do to keep moving forward. That includes...critiquing the rules and regulations that risk hurting investors and holding back progress.

On the SEC leadership's view of regulation:

"It sometimes appears that policymakers favor a bank-centric prudential regulatory view toward the capital markets, which translates into looking for ways to eliminate as much risk as possible from the financial system. But this approach is inconsistent with the historical regulatory approach that has worked so well for so long."

"Applying prudential regulatory tools to our capital markets will harm far more people than it helps...More to the point, it will limit access to, affordability of, and returns generated by mutual funds, holding back the progress we hope to deliver for an even greater share of Americans.

On the SEC's agenda:

"I have serious concerns with the pace and scale of the SEC's current agenda. The Commission has issued a slew of rule proposals on a wide range of topics where much more work needs to be done to understand their cumulative effect on the markets and investors. Many of the rules also seem to be fall into the category of solutions in search of articulated problems.

On mandatory swing pricing and the hard close:

"...most worrisome of all is the SEC's latest proposal on mandatory swing pricing, hard close and liquidity risk management. The proposal is breathtaking in scope, and it's no exaggeration to say that it represents the most significant transformation of the mutual fund industry in generations.

...the SEC cites dilution as a primary reason for this proposal, ICI has found that, depending on the fund type, dilution ranges from minimal to non-existent...The data simply do not support the SEC's sledgehammer-like approach.

"If this mandate moves forward, middle-class Americans will be at a severe disadvantage in our country's financial markets.

"Middle-class investors on the West Coast would be hit even worse – discriminated against purely due to their time zone...In fact, the cut off for daily trading would likely come before most people on the West Coast even get out of bed. That's 50 million or more Americans at risk of being left behind – every single day.

"To date, the SEC has received more than three thousand comment letters on this proposal – and most express deep concerns. ... It's one of the most commented-on SEC proposals last year, and much of the feedback is coming from the very retail investors who will suffer under it."

ICI's view of regulation:

"But the SEC's current approach stands in contrast to its history. Let me be clear: ICI has always been, and always will be, a strong supporter of thoughtful, measured policy. It's in our DNA...We also have a duty to share our perspective and expertise to move policies in a better direction."

Read Eric Pan's full remarks as prepared for delivery [here](#).

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