

## Letter to the Editor, Financial Times: ETFs Are Convenient, Safe and Cheap Already

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*(As published in the Financial Times, December 22, 2016)*

Sir:

The FT says exchange traded funds (ETFs) should strive to offer convenience, security, and low costs (“[Monitor ETFs to stay simple, safe and cheap](#)”, editorial, December 19). That’s exactly what they do.

Convenience. ETFs provide transparency, tax efficiency, and access to specific markets or assets that would otherwise be difficult or impossible for investors to attain, all with intraday trading.

Security. As you acknowledge, ETFs have acquitted themselves well in several bouts of market turbulence, providing liquidity to volatile markets after the Brexit vote, for example. Those who continue to insinuate that ETFs present systemic risk favor conjecture over reams of data to the contrary.

Low cost. Competition and investor demand has made lower fees the industry norm.

The FT’s suggestion that retail investors selling an ETF may receive a basket of unsellable securities from the ETF is alarmingly inaccurate. Retail investors buy and sell ETF shares on the secondary market at a market-determined price. Those investors do not redeem or trade directly with the ETF. Only the most sophisticated securities firms do that.

Through the years—by design and performance—ETFs have demonstrated they are a worthwhile tool for investors. Their growing popularity is well warranted.

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