

ICI Quarterly Update, May 2024

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ICI-Backed Legislation Breaks Gridlock in Washington

By John Emling, Chief Government Affairs Officer

House Republicans and Democrats recently came together to support American retirement savers and investors by passing three ICI-supported pieces of legislation as part of H.R. 2799, the *Expanding Access to Capital Act of 2023*, sponsored by House Financial Services Committee Chairman Patrick McHenry.

First, the Increasing Investor Opportunities Act addresses a critical loophole that currently allows activist investors to manipulate closed-end funds (CEFs), jeopardizing the stability and integrity of these investment vehicles. By closing this loophole, this legislation would safeguard the interests of long-term shareholders and ensure the preservation of their investments. Importantly, the legislation would also allow CEFs to have more flexibility in their asset allocation.

Next, the Retirement Fairness for Charities and Educational Institutions Act of 2024 extends investment opportunities to individuals that have 403(b) accounts, such as those working in education, charitable organizations, and public service sectors. This amendment would allow people with these plans to access collective investment trusts, empowering public service and nonprofit employees to maximize their retirement savings and eliminating disparities between public and private sector-backed plans.

And finally, the Improving Disclosure for Investors Act of 2024 modernizes investment disclosures by making electronic delivery, commonly known as e-delivery, the default over paper copies. The vast majority of mutual fund-owning households have internet access and have grown accustomed to paying bills, banking, and managing their finances online. This legislation enhances accessibility while providing investors with the flexibility to opt for paper documents if desired.

This is the first time these pieces of legislation were approved on the House floor. ICI thanks Chairman McHenry, the legislative sponsors, and the members of Congress that supported these amendments for promoting financial security and prosperity across the country. We're encouraged by the House's bipartisan spirit and call on the Senate to follow suit and swiftly pass this important legislation.

Worth a Click

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See You There

2024 ICI Leadership Summit: May 21–23 in Washington, DC

Join senior and aspiring leaders from all facets of the asset management industry at ICI's 2024 Leadership Summit. This fast-paced conference will take place over two days in the heart of Washington, DC, and will offer unbeatable networking opportunities.



ICI & ASECA: Celebrating 100 Years of the Mutual Fund: May 14 in Austin, TX

Join ICI and the Association of Securities and Exchange Commission Alumni (ASECA) in Austin, Texas, on May 14, 2024, for a unique event bringing together former directors of the SEC Division of Investment Management in celebrating the 100th anniversary of the mutual fund and reflecting on the current issues facing the asset management industry.

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Supporting Members

First-Ever ICI Innovate a Success

In February, ICI brought together the most creative and innovative industry minds at the forefront of asset management's embrace of technology at the brand new Innovate conference in San Diego. The topic forefront in most members' minds was AI, and nearly every panel touched on it in some way—how to keep pace with the cutting edge of generative AI and how to harness it toward a clear purpose on behalf of customers. How regulators are responding to technological change in the industry

was a hot-button topic, as well, with ICI President & CEO Eric Pan giving an address inviting regulators to act as a partner with our industry in developing a sensible framework for emerging technologies.

2024 Investment Management Conference

This year's IMC in March was a key forum for forward-thinking compliance professionals and other industry leaders to share their insights and concerns about how to navigate the ever-changing set of rules that govern asset management. This year introduced the Emerging Leaders program, where early-career attendees were able to network and receive mentorship from industry veterans. Other unique touchstones for the 2024 conference included a panel on the impact of judicial decisions on the regulatory process, a panel on AI, and a keynote from ICI President & CEO honoring the 100th anniversary of the mutual fund and looking forward to the progress the industry is set to make in the next century.



An Essential Part of America's Economic Engine

In honoring the modern mutual fund's 100th anniversary, ICI has been reminding policymakers about funds' [essential role](#) in America's economic success—and the world's.

This centennial celebration, known as MF100, serves as another opportunity to spotlight the remarkable impact that funds have had on everyday Americans as well as companies big and small. It's also a chance to underscore to Washington how funds will support America's dynamism over the next 100 years, from helping to keep US capital markets the envy of the world to building a more inclusive financial future.

As part of our MF100 campaign, we've launched a [special landing page](#) that features our unique content, upcoming events, and other resources. We've also built a [toolkit](#) of materials that your firm can leverage, including a special logo, a messaging grid, and social media content, plus additional items that will be added throughout the year.

We invite our members and other market participants to take part in ICI's campaign celebrating registered funds. If you're interested in getting involved or becoming a partner of MF100, please email Joe Kon, Director of Special Projects, at joe.kon@ici.org.

Advocating for Investment Funds

Championing the Success of Defined Contribution Plans

Contrary to some headlines, the long-term financial outlook for Gen Z and Millennials looks promising. According to new [ICI research](#) that [gained traction](#) in the financial press, that's due in large part to the increased prevalence of 401(k)s and other defined contribution (DC) plans offering automatic enrollment and an attractive lineup of diversified investments.

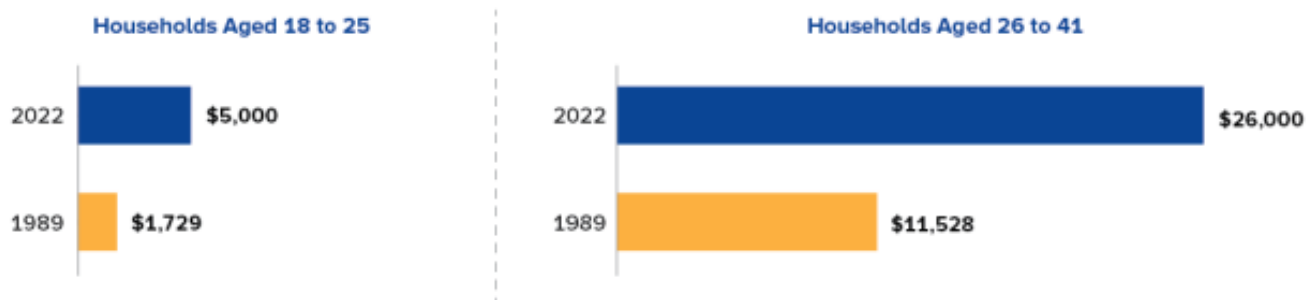
Adjusted for inflation, both Gen Z and Millennial households in 2022 had more than twice the assets in their DC plans than same-age cohorts had in 1989—yet another sign that DC plans are working for Americans.

Nevertheless, some [lawmakers and academics](#) are seeking to chip away at DC plans, questioning their cost effectiveness and the merits of their tax-advantaged status, among other strained critiques.

ICI is responding forcefully, thus far through a series of op-eds, podcasts, and social media posts, all backed by in-depth research. Through a data-driven approach, we will continue to highlight the many successes of DC plans and work to expand retirement access to more and more workers.

Young Households More Engaged in Retirement Saving Than Gen X Counterparts Were at Similar Ages

Median DC plan assets, in 2022 US dollars, for households with DC plans



Source: ICI tabulations of Federal Reserve Board Survey of Consumer Finances

ESG Fund Rule

At the beginning of March, the SEC finalized public company risk disclosure rules that, in line with [ICI's recommendation](#), omitted Scope 3 climate impact disclosure requirements. Two weeks later, the Fifth Circuit US Court of Appeals temporarily halted the rules as it reviews challenges to them. On April 8, 2024, ICI submitted a supplemental joint comment letter to the SEC in light of the stay making recommendations for how to make climate disclosure requirements consistent between mutual funds

