NEWS RELEASE
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New ICI Paper Outlines Key Considerations for ETF Share Class

Washington, DC; October 6, 2025—The Investment Company Institute (ICI) has published a new paper exploring the operational considerations for launching an ETF share class within an existing mutual fund portfolio. The expected SEC relief for funds with both ETF and mutual fund share classes provides an opportunity to broaden investor choice, promote efficiency and economies of scale, and enhance competition in the asset management sector.

The paper, *ETF Share Class Operational Considerations*, comes on the heels of the Securities and Exchange Commission's notice on September 29, 2025 that it intends to begin grant exemptive relief permitting dual share class funds shortly.

ICI working groups composed of asset managers, intermediaries, service providers, and the Depository Trust and Clearing Corporation (DTCC) reviewed the operational implications in detail, with the intent of understanding what would need to be considered to launch an ETF share class within an existing mutual fund portfolio. This paper represents the most comprehensive analysis of the issues to date.

"The ETF share class structure represents a significant modernization in the asset management industry. Investors are drawn to ETFs for their relatively low cost, intraday tradability, transparency, tax efficiency, and exposure to specific markets or strategies," said **ICI President and CEO Eric J. Pan**. "The new share class opportunity is both exciting and raises unique operational challenges. ICI's goal is to ensure these challenges are well understood and addressed so that firms can innovate while maintaining the highest standards of efficiency and investor protection."

ICI working groups focused on the investor experience, evaluating the potential impact to intermediaries, reporting requirements, operational support for the interclass exchange privilege, and the technology and systems that could affect the development and launch of a dual share class product.

"Both ETFs and mutual funds play an important role in helping investors reach their financial goals, but they operate in different ways," said **Chief of Industry Operations Jeff Naylor.** "Those structural differences can give rise to operational challenges when seeking to combine the two vehicles in a dual share class structure. We're grateful for the hard work of our members and the broader industry to help anticipate and address these concerns as applications are approved and these products take form."

ETF Share Class Operational Considerations is a result of numerous in-depth discussions by

ICI with a broad cross-section of the mutual fund and ETF ecosystems. It offers a consolidated overview of the many areas that industry members might consider when evaluating whether they may launch or support the launch of an ETF share class.

Read the full paper with ICI's considerations here.

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