A STRONG VOICE FOR GLOBAL REGULATED FUNDS

The need for strong advocacy on behalf of funds and their investors has never been clearer.

Dear Colleague:

Increasingly, savers and investors in both developed and emerging economies look to regulated funds as a key tool in meeting their financial goals. Amid this worldwide growth in demand, funds and their managers face many challenges, including the increasing globalisation of regulation. International regulatory bodies are seeking to shape and direct national policymaking, while national regulators are following and reacting to developments in other parts of the world. Larger political trends, too, influence policymaking, sometimes in ways that compromise the interests of investors and the operation of free and open capital markets. In this complex and evolving environment, the need for strong advocacy on behalf of funds and their investors has never been clearer.

Founded in 1940, the Investment Company Institute (ICI) has a long history of helping members understand how global, regional, and jurisdictional trends in laws and regulations can affect their activities. ICI also has a proven record of engaging with policymakers to effectively represent the interests of regulated funds.

Providing effective advocacy around the world

Today, ICI conducts its international advocacy through ICI Global, which gives a strong voice to the interests of regulated funds, their managers, and investors worldwide. It serves as an effective channel for communicating with regulators and policymakers, while offering a global platform for exchanging information and networking among industry stakeholders.

ICI Global’s approach is highly substantive. It relies upon a team that has deep expertise engaging with national and international policymakers worldwide, and that has extensive knowledge of the different issues facing our members. It quickly grasps regional and policy developments, helps regulated funds assess how those policies could affect them, and advocates on their behalf early in the policymaking process.

From tax treaty relief around the world to capital markets development in Europe and Asia, to the appropriateness of liquidity management tools for asset managers in different jurisdictions, ICI Global responds to a wide range of policy concerns, including many of importance to fund managers no matter where they are based or operate. It also engages as a thought leader on issues such as the regulation of exchange-traded funds (ETFs) and environmental, social, and governance (ESG) investing, the role of funds in helping savers build retirement resources, and the evolving cybersecurity threat.
ICI Global’s approach is multidisciplinary—combining legal, research, operations, and communications. Experience demonstrates that successful engagement increasingly demands more than just an understanding of regulatory policy concerns, but also empirical data and analysis, deep understanding of the industry, and the ability to relate and convey them all in a timely and effective manner. Our ability to marshal and combine all these capabilities, together with our long history as a fund research organisation, is a key differentiator.

The benefits of ICI Global’s work

As a member, you will receive a steady stream of information about cutting-edge policy developments, enhanced by the Institute’s expert analysis of their potential impact. You will be able to take advantage of the industry, investor, and economic data that flow from ICI Research. You will benefit from ICI Global’s powerful advocacy and contacts with regulators and policymakers in key jurisdictions. And you can work closely with your industry peers through ICI Global’s topical committees and task forces to help shape industry positions on policy issues that will be vital to funds and their investors.

The global challenges facing our industry are growing in scope and complexity. But we can’t meet all the challenges of today—or seize the opportunities of tomorrow—without your support. Through your membership in ICI and your active participation in ICI Global, you can help assure that our industry continues to enjoy a sound framework of regulation, one that will permit us to continue to innovate and to serve the needs of global investors now and in the years to come.

PAUL SCHOTT STEVENS
President and CEO, Investment Company Institute
Convening regulatory and industry stakeholders to serve investors

ICI Global carries out the international work of the Investment Company Institute, the leading association representing regulated funds and their managers globally. ICI’s membership includes regulated funds publicly offered to investors in jurisdictions worldwide. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of regulated funds, their managers, and investors. ICI Global has offices in London, Hong Kong, and Washington, DC.

Leveraging ICI’s decades of experience, ICI Global:

- **BRINGS A DISTINCTIVELY GLOBAL PERSPECTIVE** to a wide range of cross-border policy issues, speaking with a uniform voice on behalf of regulated funds and their investors;
- **COMMUNICATES WITH REGULATORS AND POLICYMAKERS** at the global, regional, and national levels;
- **OFFERS A GLOBAL PLATFORM** for networking and exchanging information among industry stakeholders around the world; and
- **PROMOTES PUBLIC UNDERSTANDING** of regulated funds and the important role they play in meeting long-term savings needs.

The regulated fund industry is built on the trust and confidence of millions of investors across the globe. Looking out for the best interests of those investors is at the heart of regulated funds’ and their managers’ mandates, and that same duty is the guiding force behind ICI Global’s policy work and advocacy.

A strong record of advocacy

With fund activities becoming increasingly international, and more regulations extending beyond borders, it is critical that funds have an effective advocate with global expertise. ICI Global is that advocate. It brings to bear ICI’s strengths in law, research, communications, and industry operations, working through a team of experts who have deep experience with national, regional, and international policymakers worldwide. The following illustrates how ICI Global’s engagement has served the interests of funds, their managers, and investors worldwide.

- **COVID-19 RESPONSE**—Worked with global regulators on investment fund issues during the crisis to underscore the key role of funds and open markets in postcrisis economic recovery.
- **ESG INVESTING**—Engaged globally with policymakers in Europe and Asia to advocate for sensible regulation and legislation on ESG fund investing.
- **GLOBAL SIFI DESIGNATION**—Helped persuade the Financial Stability Board (FSB) to set aside work on identifying individual funds and managers for possible designation as global systemically important financial institutions (G-SIFIs), and instead focus on industry activities and practices.
- **FUNDS AND MARKET LIQUIDITY**—Built a better understanding among policymakers of the behavior of regulated funds and investors during times of market stress.
- **CAPITAL MARKET DEVELOPMENT**—Worked with global policymakers to show how funds can help their citizens reach their investment goals while strengthening the capital markets, and supported initiatives—such as the EU capital markets union—that encourage the use of funds in market-based financing.
- **FUNDS AND RETIREMENT SAVINGS**—Championed funds and defined contribution plans as alternative solutions for pensions and long-term savings challenges around the world, and developed a strong relationship with the Organisation for Economic Co-operation and Development (OECD) to position the regulated fund industry as a thought leader on pension reform.
- **CYBERSECURITY**—Led work with the International Organization of Securities Commissions (IOSCO) on best practices for fighting cyberthreats in asset management.
- **TAX POLICIES**—Protected fund investors from adverse tax consequences by leading industry opposition to a European financial transaction tax; by chairing the Business Advisory Group to the OECD on the global Foreign Account Tax Compliance Act (FATCA); by securing industry-specific guidance in OECD Base Erosion and Profit Shifting (BEPS) action items; and by helping funds recover improperly withheld foreign taxes.
- **BREXIT**—Engaged with EU policymakers in the context of Brexit negotiations about the importance of preserving the ability to delegate portfolio management outside the EU for the benefit of funds and their investors.
Member benefits

ICI’s international work draws upon the entire leadership and staff of ICI, all of whom have specialised knowledge about a wide variety of global issues and their effects on regulated funds and their investors. In addition, ICI Global is led by a specialised team of former regulators from around the world, who have a long history of working with international organisations and national policymakers in the Americas, the Asia-Pacific region, and the European Union.

As a member of ICI, you not only gain access to our team of global regulated fund experts, but you also receive an array of benefits, specialised services, and online resources.

Legal and policy expertise and engagement

ICI’s legal and policy experts specialise in all aspects of understanding, analysing, and interpreting regulation involving global regulated funds, their managers, and investors. They provide comprehensive analysis, comment letters, and briefs in response to regulatory proposals and consultations, engaging with and informing members through timely communications and meetings. The team works on issues in such areas as:

- Regulated funds and financial stability
- Capital market development, structure, and operations
- Pension system design and reforms
- Cross-border regulation and passporting
- Regulated fund fees and expenses
- Investment and operations in jurisdictions worldwide
- Geopolitical developments and their effects upon regulated funds
- Cybersecurity
- Taxation
- Exchange-traded funds
- Developments and opportunities in financial technology

To learn about ICI Global’s team and their policy expertise, please visit www.iciglobal.org/team.
Leadership roles and committee participation

ICI Global is committed to bringing the perspective of global regulated funds, their managers, and investors to policymakers around the world. Successful advocacy depends upon robust engagement by members. To ensure that ICI Global can efficiently gather input on policy issues and effectively meet the unique needs of funds worldwide, ICI Global offers numerous opportunities for member engagement, including:

■ THE POLICY COUNCIL
This select high-level committee, whose members are appointed by ICI’s Board of Governors, takes the lead in setting ICI Global’s priorities and coordinating its initiatives around the world. There are two branches of the Policy Council: the Atlantic Policy Council and the Pacific Policy Council.

■ COMMITTEES AND TASK FORCES
Committees and task forces are open to all members and are critical to providing input on policy proposals and implementing new regulations. They focus on a wide range of topics, including issues of interest to global regulated funds, ETFs, ESG, the EU capital markets union, Brexit, Asia-Pacific capital market opening, and more.
A STRONG VOICE FOR GLOBAL REGULATED FUNDS

ICI is known worldwide for its in-depth legal analysis of policy issues affecting the regulated fund industry and for its high-quality data and analysis concerning regulated funds, their investors, and retirement savings. As a member, you receive:

■ **LEGAL ANALYSIS**—Proprietary memos and comment letters offer analysis of fund policy issues from a multijurisdictional perspective.

■ **STATISTICS AND RESEARCH**—Weekly, monthly, and quarterly statistical and research reports inform members about trends affecting mutual funds, UCITS, ETFs, and other retail funds in developed and emerging markets.

■ **RESEARCH PUBLICATIONS**—Annual white papers and reports examine retirement markets, fund and investor behaviour, and topical issues.

■ **THE ANNUAL INVESTMENT COMPANY FACT BOOK**—A comprehensive review of trends and activities in the investment company industry.

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**Ongoing Charges for UCITS in the European Union**

**KEY FINDINGS**

- Average ongoing charges for equity and mixed income UCITS have declined since 2013. In 2018, average ongoing charges for equity UCITS were 1.29 percent, down from 1.49 percent in 2013. Average ongoing charges for mixed income UCITS decreased to 1.47 percent in 2018 from 1.51 percent in 2013. Average ongoing charges for bond UCITS have remained relatively stable—1.61 percent in 2018 compared with 1.56 percent in 2013.

- Investors tend to concentrate their assets in lower-cost UCITS. In 2018, the simple average ongoing charge for all equity UCITS was 1.51 percent compared with an asset-weighted average of 1.29 percent. The simple average ongoing charge, which measures the average ongoing charge of all UCITS offered for sale, can overstate what investors actually paid because it fails to reflect that investors tend to concentrate their holdings in lower-cost funds.

- Retail investors still pay for the cost of distribution even when it is not included in the total ongoing charge. Direct comparisons of average ongoing charges between UCITS share classes that “bundle” distribution in the ongoing charge with those that “unbundle” distribution can be misleading. In unbundled share classes, retail investors typically pay distribution costs directly out of pocket.

- Average ongoing charges for actively managed and index-tracking equity UCITS have fallen since 2013. In 2018, the average ongoing charge for actively managed equity UCITS fell to 1.39 percent, down from 1.56 percent in 2013. Average index-tracking equity ongoing charges declined to 0.28 percent in 2018 from 0.40 percent in 2013.

- Cross-border UCITS provide European investors with a much larger range of investment options, but such funds often incur additional marketing or registration costs. In 2018, the average estimated fixed cost for cross-border equity UCITS was 2.3 percent of the total ongoing charge compared with 2 percent for single-country funds.

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**ICI RESEARCH PERSPECTIVE**

September 2019 // Vol. 25, No. 7

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World-class research and analysis
Effective engagement and timely communications

Engaging with legislators, regulators, the media, and the public is critical to advancing the interests of funds and educating these important stakeholders about the benefits provided by funds. ICI Global does this in many ways, including:

- **MEETING WITH POLICYMAKERS**—Regular meetings with policymakers worldwide ensure the fund industry’s voice is heard early and often in regulatory debates.

- **OFFERING EXCLUSIVE ONLINE ACCESS**—Our comprehensive website includes a members-only section featuring archived comment letters, committee materials, and other key documents.

- **COHOSTING AND PARTICIPATING IN INDUSTRY EVENTS**—Presentations and speeches at select events worldwide increase awareness about regulated fund issues.

- **EXTENSIVE MEDIA OUTREACH**—Press interviews, op-eds, blog posts, and social media enable ICI Global to offer thought leadership on funds, investors, retirement, and capital markets to a broad audience.

- **NEWSLETTERS**—ICI Global Daily and the President’s Global Report keep members informed about policy issues and ICI Global’s work on them.

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*ICI Global Daily*

**Latest ICI Global Memos**

Notice of International Committee Meeting on October 6 - Registration Link Provided

Please visit the memorandum for a complete list of recent ICI Global memos.

**In the News**

Today’s news summary is also available on the ICI Global website.

*Market Closures for US and Europe to End Derivatives Dispute*

Financial News, Trading Room, September

Two high-profile market players have been called on the United States and Europe to end their long-running dispute over harmonizing derivatives rules, arguing that rapid market movement exposes global financial markets to higher costs. The US and European Union authorities have threatened to open separate systems in response to the other’s proposals. The two countries have called for action to address the issue, but have yet to come to an agreement.

**Full Story**

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*ICI Global Daily*

**President’s Global Report**

March 2023

*Déjà Vu:*

It has been said that the more things change, the more they stay the same. The specter of pandemic stress poses by COVID-19 reminds us of that.

The relatively rapid spread of the virus within the US and across the world has left the global economy in a state of shock. The efforts to contain the virus have been met with varying degrees of success, leading to uncertainty about the future course of the pandemic. As leaders look to mitigate the impact of the pandemic, they are faced with difficult decisions about when and how to reopen economies. The global economy is expected to experience a short-term shock, followed by a prolonged period of uncertainty.

In the meantime, our member organizations are taking every possible precaution, including travel restrictions and social distancing measures, to protect their members and their employees. We are also engaged in contingency planning with respect to future events on our calendar, as we adjust to new developments in the United States and abroad.

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*China's Growth Opening Still on Track*

China remains on track to achieve its long-term goals for economic growth and development. The country's gross domestic product (GDP) growth rate has remained strong, driven by investments in infrastructure, technology, and education. The government’s focus on fostering innovation and entrepreneurship has contributed to a dynamic business environment, with the technology and services sectors driving significant growth.

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*Press Release:*

China's economic growth remains strong, with many sectors showing robust performance. The government’s efforts to foster innovation and support entrepreneurialism have contributed to a vibrant business climate. The country's focus on sustainable development and environmental protection has also helped to diversify its economic landscape. The commitment to maintain growth momentum is crucial for maintaining the country's standing as a global economic powerhouse.

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ICI hosts a variety of events around the world to enable members and industry stakeholders to come together to learn about regulatory developments, operational challenges, and best practices. These events also provide a collaborative environment where colleagues can connect and foster progress on the issues that are most important to funds and their investors. Events include:

- **ICI’S GENERAL MEMBERSHIP MEETING**
  This annual conference features a range of prominent speakers and brings together fund industry leaders and policymakers from around the globe to explore regulatory developments, investment trends, and more. For more information, visit [https://gmm.ici.org](https://gmm.ici.org).

- **GLOBAL CYBERSECURITY FORUM**
  These events, held in cities around the world, offer members the opportunity to learn about the fundamentals of a robust cybersecurity programme, to connect with local law enforcement officials, and more.

- **ISSUE-ORIENTED SEMINARS AND WEBINARS**
  To help members better understand policy developments, ICI Global hosts seminars and webinars on various topics, including the new ESG landscape in the United States and the European Union, capital market developments in China, India’s regulations for foreign portfolio investors, and global retirement savings trends.

To see and learn more about our previous events, please visit [www.iciglobal.org/eventhighlights](http://www.iciglobal.org/eventhighlights).
Interested in joining?

ICI membership is open to managers of regulated funds and funds that invest in securities, are substantively regulated, and are available to the general public in jurisdictions worldwide. Firms that join ICI and have international operations become members of ICI's global division, and can directly benefit from and participate in ICI Global's work.

Contact us

For more information about the benefits, requirements, or other details regarding membership, please contact Michelle Kretsch, senior director of membership, at 1-202-326-5972 or kretsch@ici.org.
ICl Global Committees and Subcommittees

GLOBAL ADVOCACY COORDINATION ADVISORY COMMITTEE
Coordinates ICI and member advocacy engagements with global and regional policymakers on key issues.

GLOBAL EXCHANGE-TRADED FUNDS COMMITTEE
Examines the regulatory and business issues affecting the management and operation of ETFs at a regional and global level.

GLOBAL INFORMATION SECURITY OFFICER COMMITTEE
Focuses on cybersecurity issues and challenges, provides additional resources on cybersecurity matters to help mitigate operational and reputational risks, and coordinates with other associations and organisations tasked with sharing and disseminating cybersecurity data. There are two regional branches of this committee: London and Tokyo.

GLOBAL OPERATIONS ADVISORY COMMITTEE
Focuses on cross-border and single country investment fund (e.g. non-US funds, UCITS) operational challenges in the areas of transfer agency, shareholder servicing, and distribution. Committee members educate one another about investment fund markets around the world, with a focus on Asia-Pacific, EU, and Latin American countries.

GLOBAL PUBLIC COMMUNICATIONS COMMITTEE
Serves as a forum for discussing public relations issues that affect the global fund industry while seeking to develop and maintain a positive public image and increase public awareness and understanding of registered funds worldwide.

GLOBAL RETIREMENT SAVINGS COMMITTEE
Connects members from different regions to facilitate an exchange of knowledge about pension systems around the world and works to identify and prioritise short- and long-term priorities for ICI Global’s retirement savings work.

GLOBAL TAX COMMITTEE
Addresses tax issues affecting funds arising from legislative and regulatory initiatives at the global, regional, and national levels.

GLOBAL TRADING AND MARKETS COMMITTEE
Addresses market structure and trading issues affecting funds arising from global, regional, and national legislative and regulatory initiatives; examines issues related to trading equities, fixed-income, and derivatives instruments; and focuses on reforms to the structure of those markets.

INTERNATIONAL COMPLIANCE ADVISORY COMMITTEE
Facilitates discussion of regulatory compliance requirements from non-US regulators across multiple jurisdictions.

INTERNATIONAL INTERNAL AUDIT ADVISORY COMMITTEE
Provides a forum for members to discuss issues arising from the integration of multiple national requirements, the challenges they present for members operating in multiple jurisdictions, and sound internal audit practices for firms with a global presence.

INVESTING SUBCOMMITTEE
Focuses on issues that affect funds investing in markets around the world, such as large shareholder reporting, foreign investor matters, sanctions, and custody.
ICI Global Task Forces

BREXIT TASK FORCE
Supports funds and their investors related to the challenges and opportunities presented by Brexit.

ESG TASK FORCE
Focuses on engaging with EU, as well as US, policymaking activity around sustainable investing, particularly initiatives that affect asset managers and regulated funds.

EU CAPITAL MARKETS UNION TASK FORCE
Evaluates and provides input on the capital markets union (CMU) initiative, which aims to develop and integrate capital markets in the European Union.