

Letter to Senate Urging Accounting and Auditing Reform, July 2002

July 8, 2002

The Honorable Thomas S. Daschle
Majority Leader
United States Senate
Washington, DC

The Honorable Trent Lott
Minority Leader
United States Senate
Washington, DC

Dear Leaders Daschle and Lott:

On behalf of the Investment Company Institute—which represents 93 million individual shareholders and 9,000 U.S. mutual funds that manage nearly \$4 trillion in U.S. equity securities—I am writing to express our strong support for action by the Senate and the enactment of accounting and auditing reform legislation by the Congress.

Meaningful steps to reinforce the accuracy and honesty of the financial reporting system that investors depend on every day are needed. In particular, we believe a consensus exists among those who review the financial condition of publicly held companies that it is necessary to bolster the independence of the accounting standard-setting process, strengthen the oversight of public auditing and increase the authority and resources of the Securities and Exchange Commission. Toward that end, bi-partisan legislation passed the House earlier this year and the Senate is about to consider legislation reported by the Senate Banking Committee. Also, the SEC has proposed far-reaching changes to the financial reporting regulatory systems and key market participants have moved forcefully to examine these issues.

We believe it is important to focus on the overriding importance of reinforcing confidence in the financial reporting system for publicly held companies. Today, the need for middle-income families to save and invest is more important than ever. In the absence of a coherent legislative and regulatory response, revelations about shortcomings in the nation's financial reporting system could erode confidence in investing as a prudent means to achieve long-term savings and investing goals.

A strong and thoughtful response by Congress would bolster the efforts of the SEC and key market participants and would effectively address the disquieting uncertainty investors may feel about the quality of their investments and the reliability of investing. We encourage your leadership in assuring that legislation is enacted this year.

Very truly yours,

Matthew P. Fink

cc: The Honorable Paul S. Sarbanes
The Honorable Phil Gramm
The Honorable Christopher J. Dodd
The Honorable Michael B. Enzi

