

Mutual Fund Industry Names CEOs to Explore Use of Bond Fund Risk Ratings, October 1997

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Washington, DC, October 10, 1997 - The mutual fund industry has appointed a committee of industry leaders to examine the use of bond fund risk ratings in sales literature and their suitability for investors. The chief executive officers who form the committee are: John J. Brennan, President and CEO, The Vanguard Group, Inc.; Brent R. Harris, Chairman, PIMCO Funds; Don G. Powell, Chairman, Van Kampen American Capital, Inc.; and Robert C. Pozen, President and CEO, Fidelity Management & Research Company.

"The industry group will request a meeting to discuss the use of bond fund risk ratings with representatives of the Board of Directors of the NASD Regulation, Inc. at their earliest convenience," said Mr. Powell, who serves as Chairman of the Investment Company Institute (ICI) and the committee. "We expect to advise the NASDR Board representatives of our views by mid-November," he concluded.

Commenting on the appointment of the group by the ICI Board of Governors, ICI President Matthew P. Fink said, "This is the first time the Board of Governors has named a group of senior executives to address any mutual fund issue since the blue ribbon commission on personal investing in 1994. The potential impact of bond risk ratings on investors demands the attention of the mutual fund industry at its highest level. We are indeed fortunate to be represented by industry leaders whose collective experience and knowledge of mutual fund disclosure will serve the public well."

The mutual fund industry supports full disclosure about mutual funds, including the risks and rewards of investing. A recent ICI research survey of more than 600 mutual fund investors found that bond fund risk ratings would be heavily relied upon by investors, but that, as [currently proposed, ratings](#) would be widely misunderstood. In its forthcoming meeting with the NASDR on the use of bond fund risk ratings, the group will share the views of the mutual fund industry concerning bond fund risk ratings and appropriate investor protections.

The Investment Company Institute is the national association of the American investment company industry. Its membership includes 6,661 open-end investment companies ("mutual funds"), 443 closed-end fund investment companies, and 10 sponsors of unit investment trusts. Its mutual fund members have assets of about \$4.160 trillion, accounting for approximately 95% of total industry assets, and represent over 59 million shareholders.

For more information on this issue, see ["Bond Fund Risk Ratings."](#)