

ICI Strongly Supports SEC's Ongoing Mutual Fund Reform Efforts, June 2004

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ICI President Stevens Pledges to "Help Mutual Funds Implement New Governance Reforms, Including the Independent Chair Requirement, Fully and Effectively"

Washington, DC, June 23, 2004 - Investment Company Institute President Paul Schott Stevens issued the following statement in response to the SEC's adoption of [new fund governance requirements](#).

"The Institute strongly supports the SEC's ongoing efforts to enhance the regulatory framework that governs mutual funds. Rules concerning fund governance are an important part of this process. We have endorsed virtually all of the governance reforms adopted by the SEC today, including the requirement that independent directors constitute a supermajority of the fund's board, that independent directors have separate quarterly meetings, that boards conduct annual self-assessments, and that funds retain records concerning the approval of advisory contracts."

"With respect to whether mutual fund boards should be chaired by an independent director, we had asked the Commission to allow a fund's independent directors to decide this matter independently. The rulemaking process overseen by the SEC has afforded all concerned parties ample opportunity to make known their views on this and other proposed reforms. The result was a vigorous and informed debate on an important policy question that the SEC today has resolved."

"The Institute pledges to help mutual funds implement the SEC's new governance reforms, including the independent chair requirement, fully and effectively. In this as in other areas, we are committed to ensuring that regulatory requirements and business practices serve the interests of current and future mutual fund investors."

"We share the Commission's hope that these new governance requirements will enhance fund directors' ability to fulfill their fiduciary obligations. Perhaps most important, we recognize and appreciate that by its actions today, the Commission expressed its continued confidence in the ability of thousands of independent mutual fund directors to serve investors faithfully and effectively."