

ICI Commends SEC for Proposing "Bold and Far-Reaching" Reforms, January 2004

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ICI President Fink Says Action in These Areas Is "Essential to Renewed Investor Confidence in Mutual Funds"

Washington, DC, January 14, 2004 - Investment Company Institute President Matthew P. Fink issued this statement following the SEC's decision to propose new mutual fund regulatory reforms.

"The SEC's [proposals](#) are bold and far-reaching. They address areas essential to renewed investor confidence in mutual funds. We commend the Commission and its staff for putting before the public a set of strong reform measures that build on its regulatory efforts of the last four months – efforts we strongly support. When we review today's proposals in more detail, we may not agree that every change will achieve the benefits that are hoped for. Nevertheless, the mutual fund industry is confident that the reforms the SEC ultimately enacts will greatly strengthen mutual funds and make them better guardians of middle America's long-term investments."

"The public also expects mutual funds to exercise leadership by forcefully responding to the inexcusable trading abuses revealed in recent months. The Investment Company Institute, on behalf of mutual fund companies and their shareholders throughout the country, has called for a series of [tough measures](#) to address abuses.

- To prevent late trading, the ICI announced that trades should be reported to the fund, not just executed, by 4 p.m. each day.
- To combat market timing, the ICI urged the SEC to mandate a two percent redemption fee on all short-term trading.
- To reduce conflicts of interest, the ICI called for the abolition of virtually all third-party, soft-dollar arrangements, and a prohibition on the practice of directed brokerage.

The ICI's most recent actions build on our longstanding support for improving the disclosure of revenue-sharing arrangements that could affect a broker's incentives for recommending particular funds to investors. In fact, the ICI called upon the NASD to enact a point of sale disclosure requirement more than six years ago, a request we have since renewed on multiple occasions."

A section of this site is devoted to the recent investigations of fund industry practices.
