

ICI Issues Statement on SEC Chairman Action on Late Trading and Market Timing of Mutual Funds, October 2003

ICI Issues Statement on SEC Chairman Donaldson's Action on Late Trading and Market Timing of Mutual Funds

Washington, DC, October 9, 2003 - The following is a statement from Investment Company Institute Chairman Paul G. Haaga, Jr.:

"The ICI strongly supports Chairman Donaldson's [plan](#) to propose tough new regulatory requirements addressing the late trading and abusive short-term trading of mutual fund shares. Chairman Donaldson outlined serious actions the goal of which is to protect mutual fund shareholders by shutting the door on such trading. We pledge to fully support the SEC in whatever course of action it determines will best protect mutual fund shareholders."

"While the SEC considers these important new regulatory initiatives, we must also recognize that strong and effective laws and regulations, by themselves, cannot ensure that fund shareholders are protected. The Institute is committed to doing what is necessary to reinforce the SEC's actions. Two [task forces](#) established by the ICI's Board of Governors are working now to explore options for the SEC's consideration."

"I wish to emphasize again the seriousness with which the ICI and mutual fund leaders view these matters. The trading practices that have been alleged and in several cases acknowledged represent a profound breach of trust with mutual fund investors. Business practices that condoned or acquiesced in such conduct are, in the judgment of the ICI's Board, utterly inconsistent with the standards every mutual fund complex is expected to follow."

"Mutual funds will continue to identify and take actions in support of the SEC or other government officials, or on our own that show our commitment to the bedrock principle that the interests of mutual fund investors always come first."