

ICI Releases Statement on SEC's Mutual Fund Compliance Proposals, February 2003

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Washington, DC, February 4, 2003 - The following is a statement from Investment Company Institute President Matthew P. Fink on the Securities and Exchange Commission's [proposal](#) to require mutual funds to establish internal compliance systems to ensure that all mutual funds comply with federal securities law and the SEC's request for comment on other ways to foster compliance, including a self-regulatory organization for mutual funds.

Internal Compliance Systems Proposal

"We are gratified that the Commission and the staff recognize that many mutual funds already have 'comprehensive and effective' compliance programs in place. An overwhelming majority of mutual fund investors benefit from the industry's longstanding dedication to rigorous internal compliance standards. The industry's commitment to high standards—combined with the effectiveness of the SEC's regulatory and oversight efforts—are the key elements that enabled Commissioner Goldschmid today to say that mutual funds have been 'blessed...by being relatively free of scandal.'

"We look forward to carefully exploring the consequences of the SEC's proposal that would require mutual funds to establish the internal compliance systems that most have already adopted voluntarily."

The Concept of a Mutual Fund Self-Regulatory Organization

"Like the Commission, the mutual fund industry recognizes the value of periodically reexamining regulatory assumptions and approaches. We share the Commission's goal of making sure that mutual funds continue to earn investor trust and confidence by remaining effectively regulated and free of scandal and abuse.

"We remain deeply skeptical that developing an organization requiring mutual funds to assume significant responsibility for regulating themselves is wise or necessary. A remarkable consensus exists that strong day-to-day regulation by the SEC has effectively protected the nation's 95 million mutual fund shareholders and played an essential role in keeping the industry free of systemic scandal for more than 60 years. We look forward to analyzing this concept but we are reminded of a variation on an old adage: if it isn't broken, don't break it."