

Overview of America's Mutual Funds: The Road Ahead

ICI President Addresses the Road Ahead for America's Mutual Funds in National Press Club Speech

Stevens Calls for Rededication to First Principles and Fiduciary Responsibility

Washington, June 15, 2004 - In his first speech since becoming President of the Investment Company Institute, Paul Schott Stevens today called on the mutual fund industry to rededicate itself as a fiduciary and place the interests of shareholders first as an essential part of how mutual funds respond to the recent scandals.

ICI President Paul Schott Stevens

Stevens' speech ([text](#) or [video](#)) at the National Press Club, "America's Mutual Funds: The Road Ahead," outlined four factors that explain the growth and broad acceptance of mutual funds by American investors to achieve their most important financial goals, "accountability, the 'mutual' character of mutual funds, accessible information that is thorough and reliable, and, most important, trust."

The revelations of late trading and market timing abuses "cut so broad and deep" in the mutual fund industry according to Stevens because they "depart so radically from the duties we know mutual funds owe to their investors." Stevens stated the industry's response calls for "bolstering the fiduciary culture upon which the industry was founded."

Stevens lauded the SEC's regulatory oversight, "Make no mistake – the Institute strongly supports this reform process. We have called upon the Commission to administer strong medicine to prevent such trading abuses in the future, and we have endorsed the vast majority of other proposals it has developed, including in the areas of fund governance, disclosure practices and compliance programs. We will bend every effort to assist mutual funds to fully implement the SEC's new regulations, in whatever form they are adopted. We will work hard to assure that these reforms realize their full potential to prevent such abuses in the future."

Stevens noted that the scandal was not limited to mutual funds and the record "makes it clear that more is needed if we are to successfully prevent future abuses," particularly with the role of intermediaries, hedge funds, and their interaction with mutual funds.