

MEMO# 22726

July 22, 2008

IOSCO Seeks Input on the Investment Process of Mutual Funds

[22726]

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TO: CHIEF COMPLIANCE OFFICER COMMITTEE No. 6-08
COMPLIANCE ADVISORY COMMITTEE No. 9-08
INTERNATIONAL COMMITTEE No. 18-08
SEC RULES COMMITTEE No. 54-08 RE: IOSCO SEEKS INPUT ON THE INVESTMENT
PROCESS OF MUTUAL FUNDS

On July 21, 2008, staff of the U.S. Securities and Exchange Commission ("SEC"), on behalf of IOSCO's Standing Committee on Investment Management ("SC5"), forwarded a questionnaire relating to the investment process of investment managers for mutual funds. Specifically, SC5 is considering, in the context of the recent subprime market turmoil, the practices of investment managers in the following areas:

- Issuer transparency
- Investor due diligence (especially in structured finance products)[1]
- Risk management policies and procedures
- Valuation (in particular, personnel and techniques used to fair value in illiquid market conditions)

SC5 is seeking to develop a global perspective on the best practices of mutual fund investment managers in these specific areas. Responses are requested by September 15, 2008. The Institute intends to evaluate the questionnaire and consider responses to certain questions, as appropriate.

If you have any questions about this questionnaire, please contact me at 202-326-5813

(solson@ici.org).

Susan Olson
Senior Counsel - International Affairs

[Attachment](#)

endnotes

[1] Structured finance products are described as securitized and structured finance instruments such as collateralized debt obligations, residential mortgage-backed securities and other types of asset-backed securities as well as credit default swaps that may reference asset-backed securities.

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