

MEMO# 16969

January 14, 2004

SENATE BANKING COMMITTEE MUTUAL FUND HEARINGS SCHEDULED

[16969] January 14, 2004 TO: BOARD OF GOVERNORS No. 4-04 PRIMARY CONTACTS - MEMBER COMPLEX No. 4-04 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 1-04 FEDERAL LEGISLATION MEMBERS No. 1-04 PUBLIC INFORMATION COMMITTEE No. 2-04 SEC RULES COMMITTEE No. 6-04 SMALL FUNDS COMMITTEE No. 4-04 UNIT INVESTMENT TRUST COMMITTEE No. 3-04 RE: SENATE BANKING COMMITTEE MUTUAL FUND HEARINGS SCHEDULED The Senate Banking Committee will soon resume hearings on mutual funds. Five hearings are tentatively scheduled within the next three months. Beginning with January 29 and February 3, followed by three hearings in March: one each in the first and second weeks (dates TBD) and March 22. Attached is a preliminary hearing schedule. It evidences a deliberative and bipartisan approach on the part of the Banking Committee. Given the hearing schedule, it is possible that Committee legislation will be developed by April and considered in May. Please note that James S. Riepe, Vice Chairman, T. Rowe Price Group, Inc., Mellody Hobson, President, Ariel Capital Management and David Pottruck, President and Chief Operating Officer, Charles Schwab & Company, Inc. are expected to testify on behalf of their companies. Robert C. Pozen, formerly Vice Chairman, Fidelity Investments and President, Fidelity Management & Research is expected to testify as an expert academic witness. Tentative Hearing Schedule & Panelists (as of 1/14/04) A. January 29 -Characterized as "The Investor Perspective" which includes items such as investor education programs and proactive efforts funds are taking to protect investors and prevent abuses. One panel: 1) James S. Riepe, Vice Chairman, T. Rowe Price Group, Inc. 2) Tim Berry, President, National Association of State Treasurers 3) Russ Kinnel, Morningstar 4) Gary Gensler, author of The Great Mutual Fund Trap 5) Putnam (TBD) 2 B. February 3 -Hearing likely to cover governance issues, necessary reforms, fees, and similar issues. One panel: 1) Mellody Hobson, President, Ariel Capital Management 2) David Pottruck, President & Chief Operating Officer, Charles Schwab & Company, Inc. 3) Jack Bogle 4) David Ruder, former SEC chair, head of Mutual Fund Director's Forum C. March -first or second week (Regulators) One panel: 1) Lori Richards, Director, Office of Compliance Inspections & Examinations, SEC 2) Paul Royce, Director, Division of Investment Management, SEC 3) Mary Shapiro, NASD 4) Others D. March -first or second week (Continuation of governance and miscellaneous issues) One panel: 1) Independent Director 2) Broker Dealer CEO to discuss soft dollars 3) Executive of Wellington Management to discuss concurrent/side-by-side management of mutual and hedge funds. 4) Steve Wallman, FOLIOfn, to discuss alternative investment vehicles E. March 22 -SEC Reform Initiatives and Proposals First Panel: 1) William Donaldson, Chairman, SEC Second Panel: 1) Academics - Robert C. Pozen, formerly Vice Chairman, Fidelity Investments and President, Fidelity Management & Research expected to testify. We will keep you informed of these very important issues as they continue to develop. Matthew P. Fink President

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