

**MEMO# 16517**

September 10, 2003

## **MEMBER REVIEW OF HANDLING OF MUTUAL FUND ORDERS AND MARKET TIMING POLICIES**

[16517] September 10, 2003 TO: OPERATIONS COMMITTEE No. 18-03 TRANSFER AGENT ADVISORY COMMITTEE No. 85-03 BROKER/DEALER ADVISORY COMMITTEE No. 29-03 BANK AND TRUST ADVISORY COMMITTEE No. 11-03 RE: MEMBER REVIEW OF HANDLING OF MUTUAL FUND ORDERS AND MARKET TIMING POLICIES In view of the New York Attorney General's recent action involving a hedge fund and its managers for late trading and market timing with respect to a number of mutual funds, SEC Chairman Donaldson sent a letter (attached) requesting that the Institute promptly urge its members to take certain steps to assure compliance with applicable regulatory requirements. Accordingly, I urge all Institute members to immediately: • seek assurances from your selling broker-dealers and other intermediaries that they are following all relevant rules and regulations, as well as internal policies and procedures, regarding the handling of mutual fund orders on a timely basis; and • review your market timing policies and procedures, as well as fair valuation procedures, for sufficiency in addressing concerns in this area. I am sure that you appreciate the vital importance of these issues in maintaining the confidence of mutual fund investors. Please contact the Institute's staff if you have any questions. Matthew P. Fink President 2 Attachment (in .pdf format)

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