

MEMO# 19642

January 26, 2006

INSTITUTE PUBLISHES "THE ROLE OF THE BOARD" IN FAIR VALUATION SERIES

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [19642] January 26, 2006 TO: ACCOUNTING/TREASURERS MEMBERS No. 5-06 BOARD OF GOVERNORS No. 5-06 END OF DAY PRICING FORUM No. 1-06 INTERNATIONAL COMMITTEE No. 2-06 PRIMARY CONTACTS - MEMBER COMPLEX No. 5-06 SEC RULES MEMBERS No. 12-06 SMALL FUNDS MEMBERS No. 10-06 VALUATION PROCEDURES TASK FORCE No. 1-06 RE: INSTITUTE PUBLISHES "THE ROLE OF THE BOARD" IN FAIR VALUATION SERIES Attached is a copy of the second chapter of the Institute's new Fair Valuation Series. The Series is part of the Institute's ongoing efforts to assist funds and their boards in understanding fair valuation compliance obligations under the federal securities laws. It is produced in collaboration with ICI Mutual Insurance Company and the Independent Directors Council. The second chapter of the Series, entitled "The Role of the Board," provides practical guidance for fund directors overseeing the fair valuing of fund securities. It does so by describing, among other things, the industry's use of various committee structures to make fair value determinations, steps that may be taken before engaging a third party pricing vendor and policies that can be used to oversee the vendor, and scenarios for directors to consider that are derived from recent SEC enforcement actions. The first chapter provided an overview of issues funds should consider in developing and administering valuation policies and procedures. A subsequent chapter of the Fair Valuation Series will explore funds' use of external pricing vendors. Elizabeth Krentzman General Counsel Enclosure

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.