

**MEMO# 11099**

July 7, 1999

# **INSTITUTE BOARD OF GOVERNORS ENDORSES REPORT OF ADVISORY GROUP ON BEST PRACTICES FOR FUND DIRECTORS AND URGES PROMPT IMPLEMENTATION OF PRACTICES BY INSTITUTE MEMBERS**

\* See Memorandum to Board of Governors No. 43-99, Director Services Committee No. 17-99 and Primary Contacts - Member Complex No. 64-99, dated June 23, 1999; Memorandum to Closed-End Investment Company Members No. 24-99, SEC Rules Members No. 41-99 and Small Funds Members No. 6-99, dated June 24, 1999. [11099] July 7, 1999  
TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 25-99 DIRECTOR SERVICES COMMITTEE No. 19-99 PRIMARY CONTACTS - MEMBER COMPLEX No. 67-99 SEC RULES MEMBERS No. 45-99 SMALL FUNDS MEMBERS No. 7-99 RE: INSTITUTE BOARD OF GOVERNORS ENDORSES REPORT OF ADVISORY GROUP ON BEST PRACTICES FOR FUND DIRECTORS AND URGES PROMPT IMPLEMENTATION OF PRACTICES BY INSTITUTE MEMBERS

Board

Approval At a special meeting held on July 7th, the Institute's Board of Governors unanimously approved a resolution endorsing the Report of the Advisory Group on Best Practices for Fund Directors and recommending that all Institute members take such actions as may be appropriate to implement the practices recommended in the Report. Copies of the Board Resolution and the press release announcing its approval are attached. The Advisory Group's Report was sent to you at the time of its release.\* As you know, the Advisory Group was formed in March to identify the best practices used by investment company boards of directors to enhance their independence and effectiveness and to recommend those practices that should be considered for adoption by all investment company boards. During its deliberations the Advisory Group solicited the views of Institute committees and third party experts in the area of mutual fund governance. I would like to thank the many Institute members who assisted the work of the Advisory Group.

Implementation In its resolution, the Board recommended that all Institute members complete actions to implement the practices recommended in the Advisory Group's Report as soon as reasonably practicable, given their own circumstances. The Board also instructed the staff of the Institute to facilitate prompt implementation of the recommendations by offering programs and materials relating to the recommendations to Institute members and to monitor the progress of implementation by members. The Institute intends to devote one full day of its annual Directors Conference, scheduled for

October 28-29 in Washington, to the Report and its implementation. Given the importance of this topic and the interest shown to date, the Directors Conference will be repeated on November 8-10 in Chicago. Further details about the Conference will be mailed soon. \*\*\* In light of the Board's unanimous decision, I urge all members to take actions to implement the practices recommended by the Advisory Group as soon as practicable. Matthew P. Fink  
President Attachments

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