

**MEMO# 18354**

December 20, 2004

## **PAUL SCHOTT STEVENS' SPEECH AT THE EXCHEQUER CLUB**

[18354] December 20, 2004 TO: BOARD OF GOVERNORS No. 88-04 INDEPENDENT DIRECTORS COUNCIL No. 16-04 SEC RULES COMMITTEE No. 98-04 RE: PAUL SCHOTT STEVENS' SPEECH AT THE EXCHEQUER CLUB ICI President Paul Stevens spoke at a December 15, 2004 meeting of the Exchequer Club in Washington, DC. A copy of his remarks is attached. In his speech, Stevens discussed the importance of an effective SEC, the relationship between federal and state governments in oversight of the mutual fund industry, and the Institute's role in encouraging close attention to ethical obligations and issues of importance to ICI members as fiduciaries. With respect to the SEC, he commended SEC Chairman William Donaldson for his initiatives to improve the performance of the SEC. Stevens said, "The SEC has been provided resources that would appear at least more adequate to the challenges before it ... [But] resources alone are not the answer. " "The larger challenge for the SEC," he said, "is to assure not only the reach but also the effectiveness of its regulatory and law enforcement efforts." Stevens noted that greater effectiveness would require, among other things, the following: • Closer integration of the activities of different SEC divisions and offices; • Better understanding of securities business operations; • Regulatory guidance that better anticipates issues; and • Empirical research that informs major rulemakings. The Exchequer Club was founded in 1960 and promotes a dialogue on national economic, financial and political matters. Its members include government officials, legal and other professionals, and trade association leaders. Other recent speakers at the Exchequer Club include Vice Chair of the Federal Reserve Board Roger Ferguson, FDIC Chair Donald Powell, and NASD Chair Robert Glauber. Elizabeth Krentzman General Counsel Attachment (in .pdf format)