

**MEMO# 10819**

March 22, 1999

## **ADVISORY GROUP ON BEST PRACTICES FOR FUND DIRECTORS**

[10819] March 22, 1999 TO: DIRECTOR SERVICES COMMITTEE No. 10-99 RE: ADVISORY GROUP ON BEST PRACTICES FOR FUND DIRECTORS

\_\_\_\_\_. Today, at the Mutual Funds and Investment Management Conference in Palm Desert, California, Institute President Matt Fink announced the creation of an Advisory Group on Best Practices for Fund Directors. The responsibility of this group will be to draft a paper on best practices for mutual fund directors. The paper will highlight those practices of mutual fund boards that enhance the independence of the independent directors and the effectiveness of the board as a whole. The paper is in response to SEC Chairman Levitt's call for higher standards for fund boards over the past year and, in particular, during the February SEC Roundtable on the Role of Independent Directors. The Chairman has expressed his support for the industry's initiative in this area. As you know, our Committee has discussed such a project in the past as well. The target date for completion of the paper is June 30. The Advisory Group will include the following: John Brennan, President and CEO of The Vanguard Group and Chairman of the Institute; Robert Glauber, independent director of the Dreyfus Funds; Paul Haaga, Executive Vice President of Capital Research and Management Company; William M. Lyons, President and COO of American Century Funds; Dr. Manuel H. Johnson, independent director of the Morgan Stanley Dean Witter Family of Funds; and me. The Institute staff would like the input of the Director Services Committee in connection with this best practices paper. The April 19 meeting of the Committee in New York will be devoted largely to discussing your recommendations for best practices that should be included in the paper. Please come to that meeting prepared to discuss best practices that you believe are essential and other practices that, while not necessarily essential, may enhance the effectiveness of boards and/or independent directors. The staff may also have a list of suggestions made by others for our consideration. On behalf of the Advisory Group, I welcome your suggestions during the drafting phase of the best practices paper. Collectively, our Committee represents a wealth of experience and our recommendations will be quite valuable to the Advisory Group. I look forward to discussing the paper with you further at our April 19 meeting. Dawn-Marie Driscoll Chair Director Services Committee Attachment