

**MEMO# 14743**

May 23, 2002

## **ICI SUBMISSIONS ON CORPORATE GOVERNANCE AND ACCOUNTING ISSUES**

[14743] May 23, 2002 TO: BOARD OF GOVERNORS No. 19-02 RE: ICI SUBMISSIONS ON CORPORATE GOVERNANCE AND ACCOUNTING ISSUES As we discussed at the last Board of Governors meeting, the Institute will express our support for initiatives arising out of the Enron bankruptcy that would enhance the ability of fund advisers to manage their funds' portfolios. The Institute recently filed with the NYSE and SEC submissions on two such issues. Copies of these submissions are attached and are summarized below. First, the Institute submitted a statement to the NYSE Committee on Corporate Accountability and Listing Standards recommending that shareholders be required to approve stock option plans that, at a minimum, would grant options to officers or directors or options that would exceed a specified dilution threshold. Second, the Institute filed a comment letter with the SEC on its proposal to accelerate the filings by certain corporate issuers of Forms 10-K and 10-Q. Our letter recommended that the SEC require all earnings announcements by reporting companies to be filed on Form 8-K, and to require that these filings include a reconciliation to GAAP. The letter asserts that this would be a more effective way to close the "gap" that frequently exists between the time pro forma earnings are released and the time periodic reports are filed with the SEC. We urged the SEC to adopt our recommendation irrespective of whether or not it shortens the filing deadlines for Forms 10-K and 10-Q. Matthew P. Fink President Attachment (in .pdf format)

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