

**MEMO# 17214**

March 15, 2004

# **LETTER FROM MEMBERS OF CONGRESS TO SEC CHAIRMAN DONALDSON SUPPORTING MANDATORY INDEPENDENT CHAIR**

[17214] March 15, 2004 TO: BOARD OF GOVERNORS No. 21-04 INVESTMENT COMPANY DIRECTORS No. 13-04 PRIMARY CONTACTS - MEMBER COMPLEX No. 26-04 RE: LETTER FROM MEMBERS OF CONGRESS TO SEC CHAIRMAN DONALDSON SUPPORTING MANDATORY INDEPENDENT CHAIR As you know, Congress and the Securities and Exchange Commission are considering various mutual fund reform proposals. Some of these proposals, including the SEC's proposed package of fund governance reforms,<sup>1</sup> would mandate that all mutual fund boards of directors have an independent chair. The Institute has urged that the selection of a chair be left to the discretion of each fund board, noting that such boards consist of a majority (and, in most cases, a supermajority) of independent directors.<sup>2</sup> On March 11, five members of Congress sent a letter to SEC Chairman Donaldson in support of the SEC's proposal to require that all fund boards have an independent chair. The letter was signed by: Chairmen Michael G. Oxley (R-OH), Richard H. Baker (R-LA), and Peter G. Fitzgerald (R-IL); and Senators Daniel K. Akaka (D-HI) and Carl Levin (D-MI).<sup>3</sup> A copy of the letter is attached. Matthew P. Fink President Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 17214, or call the ICI Library at (202) 326-8304 and request the attachment for memo 17214. 1 SEC Release No. IC-26323 (Jan. 15, 2004), available at <http://www.sec.gov/rules/proposed/ic-26323.htm>. 2 See Letter from Craig S. Tyle, General Counsel, Investment Company Institute to Jonathan G. Katz, Secretary, Securities and Exchange Commission, dated Mar. 10, 2004. 3 Last month, twelve members of Congress sent a letter to Chairman Donaldson opposing a mandatory independent chair requirement. See Institute Memorandum to Board of Governors No. 13-04, Investment Company Directors No. 8-04, and Primary Contacts - Member Complex No. 16-04 [17105], dated Feb. 13, 2004.