

**MEMO# 17105**

February 13, 2004

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

[17105] February 13, 2004 TO: BOARD OF GOVERNORS No. 13-04 INVESTMENT COMPANY DIRECTORS No. 8-04 PRIMARY CONTACTS - MEMBER COMPLEX No. 16-04 RE: LETTER FROM MEMBERS OF CONGRESS TO SEC CHAIRMAN DONALDSON OPPOSING MANDATORY INDEPENDENT CHAIR As you know, the late trading and market timing scandals that first came to light in early September have spurred various mutual fund legislative and regulatory reform proposals. Some of these proposals, including a recent SEC rule proposal, would mandate that all mutual fund boards of directors have an independent chair.<sup>1</sup> 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. Earlier this week, twelve members of Congress sent a letter to SEC Chairman Donaldson that opposes mandating an independent chair requirement.<sup>2</sup> A copy of the letter is attached. Matthew P. Fink President 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 17105, or call the ICI Library at (202) 326-8304 and request the attachment for memo 17105. Attachment (in .pdf format) 1 See SEC Release No. IC-26323 (January 15, 2004), available at <http://www.sec.gov/rules/proposed/ic-26323.htm>. 2 The letter was signed by Pat Tiberi (R-OH), Michael Capuano (D-MA), Bob Ney (R-OH), Vito Fossella (R-NY), Steve LaTourette (R-OH), Dennis Moore (D-KS), Ruben Hinojosa (D-TX), Joseph Crowley (D-NY), Melissa Hart (R-PA), Chris Bell (D-TX), Jay Inslee (D-WA) and Steve Israel (D-NY).