

MEMO# 16495

September 4, 2003

SAMPLE AUDIT COMMITTEE CHARTER AND DRAFTING GUIDE

[16495] September 4, 2003 TO: ACCOUNTING/TREASURERS MEMBERS No. 38-03 CLOSED-END INVESTMENT COMPANY MEMBERS No. 71-03 DIRECTOR SERVICES COMMITTEE No. 18-03 PRIMARY CONTACTS - MEMBER COMPLEX No. 71-03 SEC RULES MEMBERS No. 116-03 SMALL FUNDS MEMBERS No. 46-03 RE: SAMPLE AUDIT COMMITTEE CHARTER AND DRAFTING GUIDE Attached to this memorandum is a sample audit committee charter that has been prepared to assist Investment Company Institute member firms in developing audit committee charters for their fund boards. The Institute first developed a sample audit committee charter in 1999 as part of the Report of the Advisory Group on Best Practices for Fund Directors. The attached sample audit committee charter reflects Sarbanes-Oxley requirements and other developments that have taken place since that time. The scope of the sample charter covers exchange-listed funds and non-listed funds. Included with the sample is a drafting guide, which explains the regulatory bases for many of the sample charter's provisions as they apply to different types of investment companies. The sample charter and drafting guide were developed by a working group of member firms with the assistance of outside counsel. The sample audit committee charter and drafting guide are not intended to serve as legal advice, but rather as a guide to funds as they design their own charters. Each fund board should tailor the charter to fit its own particular circumstances. Gregory M. Smith Director - Operations/Compliance & Fund Accounting Attachments (in .pdf format)

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