

MEMO# 17335

April 1, 2004

INSTITUTE SUBMITS CONGRESSIONAL TESTIMONY IN SUPPORT OF SEC FUNDING FOR FISCAL YEAR 2005

[17335] April 1, 2004 TO: BOARD OF GOVERNORS No. 25-04 FEDERAL LEGISLATION MEMBERS No. 8-04 PRIMARY CONTACTS - MEMBER COMPLEX No. 33-04 PUBLIC COMMUNICATIONS COMMITTEE No. 13-04 RE: INSTITUTE SUBMITS CONGRESSIONAL TESTIMONY IN SUPPORT OF SEC FUNDING FOR FISCAL YEAR 2005 On Wednesday, March 31st, the House Subcommittee on Commerce, Justice, State, the Judiciary and Related Agencies of the House Committee on Appropriations held a hearing on the Administration's fiscal year 2005 budget request for the Securities and Exchange Commission.¹ The Institute submitted written testimony for the record in support of the appropriations request.² In its statement, the Institute supported an increase in the level of SEC funding for fiscal year 2005, as requested by the Administration, which seeks a \$913 million appropriation for the SEC. The statement explained that enhanced funding and staffing increases are needed in order for the SEC to continue its effective regulatory oversight, particularly the oversight of the mutual fund industry by the agency's Division of Investment Management. The statement urged Congress to provide the SEC with the resources needed to "develop appropriate responses to address recent trading abuses that have occurred within the fund industry." The statement added that increased funding is also required to support the SEC's Office of Compliance Inspections and Examinations, which has played a critical role in investigating and identifying trading abuses involving mutual funds. Finally, the statement noted that increased funding is essential if the SEC is to successfully launch its new Office of Risk Assessment, an initiative that would focus on the early identification of new or resurgent forms of fraudulent, illegal or questionable behavior. Barry E. Simmons Associate Counsel

¹ The Subcommittee did not schedule any outside witness hearings on the fiscal year 2005 budget. ² Statement of the Investment Company Institute on the U.S. Securities and Exchange Commission's Appropriations for Fiscal Year 2005, Submitted to the Subcommittee on Commerce, Justice, State, the Judiciary & Related Agencies of the House Committee on Appropriations, U.S. House of Representatives, dated March 31, 2004. The Institute's statement is available on its member website at http://www.ici.org/new/04_house_budg_tmny.html#TopOfPage. The Institute also issued a related press release, which is available at http://www.ici.org/new/04_news_sec_budget2.html.

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