

**MEMO# 6925**

May 16, 1995

## **ICI TESTIFIES ON SEC FUNDING**

May 16, 1995 TO: BOARD OF GOVERNORS No. 50-95 FEDERAL LEGISLATION COMMITTEE  
No. 17-95 FEDERAL LEGISLATION MEMBERS No. 16-95 SEC RULES COMMITTEE No. 64-95  
RE: ICI TESTIFIES ON SEC FUNDING

On May 11, the Institute testified before the House Appropriations Subcommittee on Commerce, State, Justice and Judiciary on the subject of funding levels for the SEC. The Institute expressed its strong support for sufficient and stable funding of SEC operations. As ICI President Matthew P. Fink testified, vigilant SEC regulatory oversight of mutual funds is vital to the more than 40 million Americans who own mutual fund shares. He said, however, that the industry opposes the Administration's request to increase fees (that would not provide for increased SEC oversight) as a tax on individual investors. The Institute pointed out that the Administration budget proposal, with its increase in the fees the SEC may charge, would yield about \$855 million, or about two and a half times the amount needed to fund SEC operations. The excess would be sent to the Treasury for use on unrelated expenditures, and would represent "a tax in the guise of user fees, a tax on capital formation, savings and investment by investors - including 40 million mutual fund shareholders." The Institute noted that the appropriation should be funded by fees collected by the SEC through the existing mutual fund fee structure at existing fee levels, and that "in fact, fees the SEC would charge under provisions of existing law would be more than sufficient to fund the SEC's operations in fiscal 1996." Action on the SEC appropriation is expected to continue through the summer. We will keep you informed as this matter develops. For additional information, please contact the Legislative Affairs Department at (202) 326-5890. This memo can be found on FUNDS, the Institute's Fund User Network and Delivery System, under "Legislative Affairs; Washington Update." Copies of the oral and written testimony are enclosed. Julie Domenick Senior Vice President Legislative Affairs