

MEMO# 17213

March 15, 2004

SUPPLEMENT TO ICI SAMPLE AUDIT COMMITTEE CHARTER

[17213] March 15, 2004 TO: ACCOUNTING/TREASURERS MEMBERS No. 14-04 CLOSED-END INVESTMENT COMPANY MEMBERS No. 16-04 DIRECTORS' COMMITTEE No. 7-04 PRIMARY CONTACTS - MEMBER COMPLEX No. 25-04 SEC RULES MEMBERS No. 40-04 RE: SUPPLEMENT TO ICI SAMPLE AUDIT COMMITTEE CHARTER In September of 2003 the Institute released a sample audit committee charter and drafting guide intended to assist member firms in developing audit committee charters for their fund boards.¹ That sample audit committee charter covered both exchange-listed funds and non-listed funds, and reflected Sarbanes-Oxley requirements. Subsequently, the New York Stock Exchange and the American Stock Exchange adopted new corporate governance rules, which impose certain additional responsibilities on audit committees.² The Institute, with the assistance of outside counsel, has prepared the attached supplement to the sample audit committee charter. The supplement is intended to assist exchange-listed funds comply with the Exchanges' recently adopted new rules. The supplement includes a revised audit committee charter marked to show changes from the September 2003 version and a discussion of those changes. The sample audit committee charter, supplement, 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 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 17213, or call the ICI Library at (202) 326-8304 and request the attachment for memo 17213. 1 See ICI Memo No. 16495 (September 4, 2003). 2 See ICI Memo Nos. 16784 (November, 19, 2003) and 16887 (December 16, 2003).