

## NEWS RELEASE

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# Investment Company Institute Appoints Advisory Group to Consider Best Practices for Fund Directors, March 1999

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Washington, D.C. March 22, 1999 - The Investment Company Institute today announced the formation of the Advisory Group on Best Practices for Fund Directors, comprised of independent directors of mutual funds and mutual fund industry leaders, to prepare a report on the best practices of mutual fund boards.

"With 77 million Americans invested in mutual funds, it is incumbent upon the industry to make sure we are doing everything we can to protect shareholder interests. Mutual funds have the strongest system of governance in the private sector and independent directors in particular are a crucial component of this highly effective system. It makes sense to examine the industry's best practices to see if a good system can be made even better," said Institute Chairman John J. Brennan, also chairman and CEO of The Vanguard Group, Inc., and a member of the advisory group.

In addition to Brennan, the Advisory Group members are: Dawn-Marie Driscoll, independent director of the Scudder Funds; Robert Glauber, independent director of the Dreyfus Funds; Paul Haaga, Executive Vice President of Capital Research and Management Company; Dr. Manuel H. Johnson, independent director of the Morgan Stanley Dean Witter Family of Funds; and William M. Lyons, President and COO of American Century Funds.

Outside experts from a variety of disciplines will be called upon to provide advice and suggestions and to assist in the work of the Advisory Group. The Advisory Group's findings will be published in a report that will be submitted to the Securities and Exchange Commission by mid-summer and provided to mutual fund groups, Brennan said.

"The mutual fund industry has been largely free of scandal due, in large part, to the vigilance of fund directors," Institute President Matthew P Fink said. "So to us, working to identify and reinforce best practices for mutual fund directors is not a unique challenge or a once-in-a-lifetime effort. Instead, it is an essential and constant element of what it takes to earn and maintain the trust of millions of American families. In other words, it's just plain common sense."

Through its committee on mutual fund directors, quarterly workshops, publications, and conferences, the Institute regularly reexamines the critical role played by fund directors

and the best practices that have developed in the industry. SEC Chairman Arthur Levitt's [speech](#) at the Institute's 1998 General Membership Meeting made an important contribution to these efforts. The recent SEC Roundtable on the Role of Independent Directors focused the issue and highlighted areas where best practices have emerged, Fink said.

"We are pleased to accept this challenge. We anticipate that the Advisory Group will produce a report that will be a valuable tool for fund boards as they evaluate their efforts to protect shareholder interests and consider how those efforts may be enhanced," Fink said.

The Investment Company Institute is the national association of the American investment company industry. Its membership includes 7,446 open-end investment companies ("mutual funds"), 456 closed-end investment companies, and 8 sponsors of unit investment trusts. Its mutual fund members have assets of about \$5.662 trillion, accounting for approximately 95 percent of total industry assets, and have more than 73 million individual shareholders.

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