

NEWS RELEASE

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ICI Strongly Supports SEC's Mandatory Redemption Fee Proposal, February 2004

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Washington, DC, February 25, 2004 – Investment Company Institute President Matthew P. Fink issued the following statement regarding today's SEC action:

"The SEC's proposal to mandate a two percent [redemption fee](#) on short-term trading in mutual funds is an essential step to combat market timing abuses. We support Chairman Donaldson and the Commission for moving forcefully in proposing this important rule on behalf of fund shareholders.

"The Investment Company Institute called for a mandatory redemption fee on short-term trading in October 2003. A uniform, mandatory fee will greatly enhance a fund's ability to enforce payment of its redemption fee on short term trading that occurs through intermediaries. Consistent with the SEC's longstanding position and our recommendation, the SEC would require that all proceeds collected from redemption fees be deposited in the fund, in effect reimbursing long-term shareholders for any costs resulting from short-term traders. It is important to understand that not one cent of the redemption fee would go to managers or intermediaries.

"The Investment Company Institute will continue to advocate and support reforms that protect investors and reinforce confidence in mutual funds. Today's action by the SEC represents a major step in support of these critical objectives."