

NEWS RELEASE

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ICI Chairman's Senate Testimony Urges Focus on Protecting Mutual Fund Shareholders, March 2004

ICI Chairman's Senate Testimony Urges Focus on Common Goal: Meaningful Reforms that Protect the Interests of Mutual Fund Shareholders

Washington, DC, March 31, 2004 - In connection with his [testimony](#) before the Senate Banking Committee today, Investment Company Institute Chairman Paul Haaga issued the following statement:

"The response of congressional leaders, government regulators, mutual fund officials and the financial markets to trading abuses involving mutual funds in recent months has been powerful and unmistakable. The message to everyone involved in the management and operation of mutual funds could not be clearer or more important.

Institute Chairman Paul Haaga

"First, self-dealing abuses are intolerable and will result in the most severe possible sanctions. Second, firms and managers who place their financial interests ahead of the fund shareholders they are obligated to serve are in the wrong line of work. Third, if anyone hasn't figured out on their own that serving investors above all other interests is mutual funds' first and only commandment, individual and institutional investors have demonstrated that they are fully able to deliver the message directly. All of us have been reminded that the trust and confidence of investors can never be taken for granted.

"Among the responses to the trading abuses have been an extraordinary number of proposed changes to the laws and regulations governing mutual funds. My prepared testimony comments on a number of these proposals. I am pleased that the Investment Company Institute has led the call for several of the most significant long-term reforms, and has offered its strong support for many others. There can be no question that the SEC is pursuing the most aggressive and wide-ranging mutual fund regulatory reform agenda since the Investment Company Act was passed in 1940.

"The ICI and mutual fund leaders are committed to doing everything in our power to support tough reform proposals that effectively serve individual investors and promote the highest standards of professional conduct. At the same time, however, we recognize that well-intended concepts or ideas that have been inadequately studied often fall far short of their goal, while producing permanent new costs and unintended consequences that can

harm rather than help mutual fund investors. I am confident that current and future mutual fund investors will be very well-served if policymakers and industry leaders keep focused on meaningful reforms that are reasonably likely to achieve their intended benefits.”

This website includes a section devoted to the [steps that funds are taking to restore investor confidence](#).

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