

## NEWS RELEASE

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# Year 2000 Compliance a High Priority for Mutual Fund Industry, September 1998

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Washington, DC, September 17, 1998 - Year 2000 compliance is an extremely high priority matter for mutual fund firms and is receiving serious attention at senior management levels, Matthew P. Fink, president of the Investment Company Institute, told the Senate Special Committee on the Year 2000 (Y2K) Technology Problem in [testimony](#) today.

"The mutual fund industry takes this issue very seriously," Fink said. "The industry's continued success is predicated on maintaining the confidence of investors. It is critically important that we strive for the smoothest possible transition to the 21st century."

Fink said fund firms have for some time been engaged in internal efforts to identify and remediate Y2K problems. Many funds have dedicated staffs for this purpose, have established separate Y2K budgets, and provide periodic Y2K compliance progress reports to their boards of directors.

"No one can guarantee that they will be problem-free when the Year 2000 arrives <sup>3</sup>/<sub>4</sub> in fact, some temporary glitches are probably inevitable," Fink said. However, when considering the Year 2000 issue in the context of the mutual fund industry, Fink said it is important to bear in mind three points.

Fink said a March 1998 survey of the Institute's members shows that 89 percent of the firms responding had planned to complete a risk assessment for Y2K issues by July 1998. More than 96 percent had expected to have performed an inventory of software applications by that time, and 95 percent had planned to have established a comprehensive methodology to become Y2K compliant as of July 1998. According to the survey, more than 75 percent of the firms completing the survey plan to be Y2K compliant by December 1998.

Fink told the panel that mutual fund firms are conducting private testing of their interfaces with major service providers. In addition, many fund firms have participated or will participate in "street-wide" Y2K testing coordinated by the Securities Industries Association and the National Securities Clearing Corporation to ensure that securities transactions clear and settle among all parties after January 1, 2000.

Fund organizations also are actively communicating with fund shareholders about Y2K issues, not only through prospectus disclosure but also on their websites, in newsletters and brochures, and in response to telephone inquiries.

"The mutual fund industry is deeply involved in efforts to identify and remediate computer problems that could otherwise occur with the arrival of the Year 2000," Fink said. "The industry is keeping regulators and investors informed about Y2K issues through a variety of means, and the industry's efforts are subject to oversight by regulators and others. Finally, where appropriate, investment advisers are reviewing the Y2K readiness of companies in which they invest on behalf of mutual funds."

Fink applauded the efforts of Senator Robert Bennett (R-UT), chairman of the Special Committee on Year 2000 Problems and Securities and Exchange Commission Chairman Arthur Levitt to promote meaningful Y2K disclosure by securities issuers. "The availability of reliable information enhances an adviser's ability to make sound judgments," Fink said.

The Investment Company Institute is the national association of the investment company industry. Its members include mutual funds, closed-end funds, and unit investment trusts.

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