

NEWS RELEASE

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ICI President Challenges Critics of ICI Soft Dollar Ban, December 2003

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Washington, DC, December 16, 2003 - Investment Company Institute President Matthew Fink today responded to critics of the ICI's action yesterday calling for curtailment of the use "soft dollars" for the purchase of investment research. "The ICI's members are trying to change a conflict-ridden system. Research, third party or otherwise, which is valuable to investment managers should be able to stand on its own, and not be subsidized through soft dollars," Fink said. "Our proposal which requires investment advisers to pay for research directly will eliminate potential conflicts and help restore investor confidence. To assert, as some have, that our proposal could undermine the global settlement on securities industry research is nonsensical."

Fink was responding to a release by "The Alliance in Support of Independent Research," a group of companies and broker-dealers who sell research to investment advisers, including mutual funds, through the use of soft dollars. Soft dollars are credits earned by investment advisers through their portfolio securities trades. The Securities and Exchange Commission has allowed such usage but some have raised concerns of conflicts of interest.

Also today, the ICI submitted its [formal request](#) that the Securities Exchange Commission promulgate rules curtailing the use of "soft dollars" and eliminating "directed brokerage".

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