

NEWS RELEASE

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ICI Welcomes SEC's Reform Proposals for Credit Rating Agencies

ICI Applauds SEC Efforts on Credit Rating Agencies

Investors, Public Will be Well-Served by Increased Disclosure, Accountability

Washington, DC, June 11, 2008 - The Investment Company Institute applauds the U.S. Securities and Exchange Commission's vote today to propose rule changes that aim to increase the transparency of registered credit-rating agencies.

"If credit ratings are to be useful to investment decision-making by funds and other investors," said ICI President and CEO Paul Schott Stevens, "they must be the product of a transparent, unconflicted, and objective process. We welcome reforms that will open up the rating process, ensure that rating agencies are accountable, and lay out any potential conflicts that could color an agency's ratings."

The SEC proposals deal with registered credit-rating agencies, also known as nationally recognized statistical rating organizations (NRSROs). The proposals seek to address conflicts of interest by, for example, prohibiting agencies from rating securities when the agency has consulted with the issuer on the structure and packaging of the instrument. The proposals would also focus on improving investor and other public access to the factors that an agency uses to establish ratings. The Commission also proposed for comment measures to identify ratings on structured finance products to allow investors to evaluate such products more carefully.

ICI is the national trade association for mutual funds, exchange-traded funds, closed-end funds, and unit investment trusts. The Institute was an active participant in legislative and regulatory activity that led to the passage of the Credit-Rating Agency Reform Act of 2006, and will comment in detail on current and forthcoming SEC proposals after the proposing releases are issued.

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