

NEWS RELEASE

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ICI Issues Statement on SEC's Fund Governance Roundtable, February 1999

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Washington, DC, February 23, 1999 - The following is a statement from Investment Company Institute President Matthew P. Fink regarding the Securities and Exchange Commission [roundtable](#) on the role of independent investment company directors being held today and tomorrow in Washington, DC.

"In 1940, Congress established a unique governance system for mutual funds. Today, that system continues to work well and mutual funds have the strongest system of corporate governance in the private sector. Fund directors bear all the responsibilities expected of traditional corporate directors, plus specific responsibilities required by the Investment Company Act of 1940 and by numerous SEC rules. In fact, mutual funds also are the only businesses required by law to have independent directors. The purpose of this law is to protect the interests of fund shareholders.

"Since passage of the 1940 Act, the fund industry has succeeded in avoiding the types of problems that have arisen in other areas of financial services. The oversight provided by independent directors is a key element of that success. As Chairman Levitt has suggested, however, it is always important to guard against complacency. The SEC Roundtable provides an opportunity to consider whether there may be ways to make this strong system of oversight even more effective."

For more information, please see [Understanding the Role of Mutual Fund Directors](#), one of the Institute's Investor Awareness Series of publications.