

COMMENT LETTER

June 29, 2005

ICI Letter to House Subcommittee on Credit Rating Agencies, June 2005

June 29, 2005

The Honorable Richard H. Baker, Chairman
The Honorable Paul Kanjorski, Ranking Member
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Baker and Ranking Member Kanjorski:

The Investment Company Institute* commends the House Financial Services Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises for holding a June 29 hearing entitled “Legislative Solutions for the Rating Agency Duopoly.” Creating an efficient credit rating process is critical to investors and to the U.S. securities markets as a whole. Accordingly, we support the Subcommittee’s continued examination of these issues. While we have some technical concerns with H.R. 2990, the “Credit Rating Agency Duopoly Relief Act of 2005” recently introduced by Rep. Michael G. Fitzpatrick (R-PA), we support its goals – the promotion of competition among credit rating agencies and the protection of investors. We therefore look forward to working with the committee to ensure passage of legislation that achieves these goals.

The Institute and its members have a longstanding interest in ensuring appropriate oversight of credit rating agencies given the significant role that they play in the U.S. securities markets. The ratings published by credit rating agencies play an important part in the investment decisions of institutional investors, including mutual funds, and the Securities and Exchange Commission and other regulatory agencies rely upon these ratings as assessments of investment risk for various regulatory purposes. Given the importance of these credit ratings, we believe that maintaining the integrity and quality of the credit ratings process is essential to investor confidence and to the proper functioning of our capital markets.

Please feel free to contact me at 202-326-5901 if you have questions or if I can assist you with this or any matter.

Sincerely,

Paul Schott Stevens

President

cc: The Honorable Michael Oxley
The Honorable Barney Frank

ENDNOTES

* ICI members include 8,541 open-end investment companies (mutual funds), 653 closed-end investment companies, 143 exchange-traded funds, and 5 sponsors of unit investment trusts. Mutual fund members of the ICI have total assets of approximately \$7.838 trillion (representing more than 95 percent of all assets of US mutual funds); these funds serve approximately 87.7 million shareholders in more than 51.2 million households.

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