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Investment Company Institute

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ROBERT L. AUGENBLICK
PRESIDENT AND GENERAL COUNSEL
BRUCE B. ROBE
EXECUTIVE VICE PRESIDENT

respect invitation makes call Philip and P. Lerner right now

November 18, 1966

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CHAIRMAN'S OFFICE
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Hon. Manuel F. Cohen, Chairman
Securities and Exchange Commission
500 North Capitol Street, N. W.
Washington, D. C. 20549

SEC. & EXCH. COMM.

Dear Manny:

Since no stenographic transcript was made yesterday, I thought it might be useful to send you and other members of the Commission a copy of the statements made to the Commission by Francis Williams, Chairman of the Institute's Board of Governors, and by me with respect to the exposure draft of the Report on mutual funds.

As we stated yesterday, Institute representatives are ready to come to Washington at any time to be of assistance to the Commission in connection with the Report.

Sincerely yours,

Bob
Robert L. Augenblick

Enclosures - 2

Copies (with copies of enclosures) to:

Commissioners Byron D. Woodside
Hugh F. Owens
Hamer H. Budge
Francis M. Wheat

1199
November 17, 1966

Statement of Francis S. Williams
on behalf of the Investment Company Institute
to the Securities and Exchange Commission
regarding the Commission's Exposure Draft
of Report on Mutual Funds

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Mr. Chairman - Gentlemen:

I am Francis Williams, Chairman of the Board of Governors of the Investment Company Institute. Accompanying me here today are the following members of our Executive Committee: Messrs. Augenblick, Clark, Roach, Silloway, Sullivan and Welch. Also present are John Haire, Chairman of our S.E.C. Rules Committee, our counsel Alfred Jaretzki and Charles Jackson, our former President Dorsey Richardson, and two members of the Institute's staff, Harold Oberg and David Silver.

We appreciate the opportunity you have given us to review a draft of your report on our industry entitled "Public Policy Implications of Investment Company Growth". The two and a half days made available to us obviously were insufficient to enable us to make a careful and thorough examination of the entire report. Nevertheless, we do have some specific reactions for your consideration on a few of the matters that appeared of most crucial importance to us. Before asking Bob Augenblick to speak on these matters, I would like to make one general observation about the tone and content of the report.

The tremendous amount of work that has gone into the preparation of the report is clearly apparent. We had hoped that we could give the report and the recommendations contained therein our support. This, however, is not the case.

On page 1 of the report there appears a statement that the report should not impair public confidence in investment companies. It is the unanimous opinion of all of us here that the report will impair such confidence.

Some of the report is constructive, but major areas such as those dealing with management fees and sales commissions are destructive and the tone too often is excessively critical and the approach one-sided.

This is unfortunate as release of the report, in its present form, will be harmful and unfairly so.

I would now like to call on Bob Augenblick, President of the Investment Company Institute, who will comment in more detail as to our reactions to your report.