



DIVISION OF  
INVESTMENT MANAGEMENT

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

July 8, 2003

The Honorable Paul E. Kanjorski  
Ranking Member  
Subcommittee on Capital Markets, Insurance,  
and Government Sponsored Enterprises  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman Kanjorski:

Thank you for your June 30, 2003 letter concerning my testimony at the June 18, 2003 hearing of the House Financial Services Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises on HR 2420, the Mutual Funds Integrity and Fee Transparency Act of 2003.

In your letter, you raised a number of questions regarding the testimony presented at the hearing. Set forth below are the staff's responses to those questions. The staff diligently has endeavored to answer these questions as completely as possible; however, there may be a few instances, as noted, where we have incomplete information.

The questions presented in your letter are set forth below in bold italics, followed by our responses. Please note that the views expressed in the responses are those of the staff and may not necessarily reflect the views of the Commission. I hope that the responses are helpful to you. As with all issues involving the protection of investors, I welcome the opportunity to share our views on these matters. If you have additional questions or comments, please do not hesitate to contact me at 202/942-0720.

Sincerely,

A handwritten signature in black ink that reads "Paul F. Roye".

Paul F. Roye  
Director

Division of Investment Management

Enclosure

cc: Chairman Richard H. Baker  
Chairman  
Subcommittee on Capital Markets, Insurance,  
and Government Sponsored Enterprises

*Please briefly describe the number and type of rules adopted by the Securities and Exchange Commission since 1998 concerning investment companies and their advisers, as well as the rulemaking proposals currently pending.*

The Commission has adopted 40 rules that apply to investment companies and investment advisers since January 1, 1998. Nine rule proposals are currently pending. A breakdown of these rules by category is as follows:

<i>Rule Categories</i>	<i>Number of Rules</i>
<b>I. Rules Adopted Pursuant to Specific Statutes</b>	<b>10</b>
A. Sarbanes-Oxley Act	6
B. USA PATRIOT Act	1
C. Electronic Signatures in Global and National Commerce Act	2
D. Gramm-Leach-Bliley Act	1
<b>II. Other Adopted Rules</b>	<b>30</b>
A. Streamlining Investment Company Disclosure	5
B. Investment Company Disclosure Requirements	4
C. Disclosure Requirements Affecting All Types of Issuers, Including Investment Companies	4
D. Investment Adviser Disclosure Requirements	2
E. Exemptive Rules	7
F. Other Rules Alleviating Regulatory Restrictions	3
G. Operating Rules	5
<b>III. Pending Rule Proposals</b>	<b>9</b>
A. Investment Company Disclosure Requirements	2
B. Disclosure Requirements Affecting All Types of Issuers, Including Investment Companies	1
C. Investment Adviser Disclosure Requirements	1
D. Exemptive Rules	1
E. Operating Rules	3
F. Other	1

A complete list of these rules is in Appendix I.

## APPENDIX I

### **I. Rules Adopted Pursuant to Specific Statutes**

#### **A. Sarbanes-Oxley Act**

Chief Executive and Financial Officer Certifications of Exchange Act  
Periodic Reports under Sections 302 and 906 (2002/2003)\*

Improper Influence on Conduct of Audits (2003)

Standards Relating to Listed Company Audit Committees (2003)

Implementation of Standards of Professional Conduct for Attorneys (2003)

Auditor Independence (2003)

Code of Ethics and Audit Committee Financial Expert Disclosure (2003)

#### **B. USA PATRIOT Act**

Customer Identification Programs for Mutual Funds (2003)

#### **C. Electronic Signatures in Global and National Commerce Act**

Electronic Recordkeeping by Investment Companies and Investment Advisers  
(2001)

Exemption from consumer consent requirements of the Electronic Signatures  
in Global and National Commerce Act (2000)

#### **D. Gramm-Leach-Bliley Act**

Privacy of Consumer Financial Information (Regulation S-P) (2000)

### **II. Other Adopted Rules**

#### **A. Streamlining Investment Company Disclosure**

Amendment of Fee Table for Variable Annuity Contracts (2002)

Adoption of Dedicated Registration Form for Variable Life Insurance (2002)

Delivery of Disclosure Documents to Households (1999)

Amendments to Registration Form for Mutual Funds (1998)

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\* Year of adoption or proposal is in parentheses.

Mutual Fund Profile (1998)

**B. Investment Company Disclosure Requirements**

Disclosure of Proxy Voting Policies and Proxy Voting Records by Registered Management Investment Companies (2003)

Disclosure of Mutual Fund After-Tax Returns (2001)

Disclosure Regarding Independent Directors of Investment Companies (2001)

Investment Company Names (2001)

**C. Disclosure Requirements Affecting All Types of Issuers, Including Investment Companies**

Requirements for Arthur Andersen LLP Auditing Clients (2002)

Auditor Independence Requirements (2000)

Audit Committee Disclosure (1999)

Plain English Disclosure (1999)

**D. Investment Adviser Disclosure Requirements**

Proxy Voting by Investment Advisers (2003)

Electronic Filing by Investment Advisers, Amendments to Form ADV (2000)

**E. Exemptive Rules**

Transactions of Investment Companies With Portfolio and Subadviser Affiliates (2003)

Investment Company Mergers (2002)

Acquisition of Securities During the Existence of an Underwriting or Selling Syndicate (2002)

Role of Independent Directors of Investment Companies (2001)

Offer and Sale of Securities to Canadian Tax-Deferred Retirement Savings Accounts (2000)

Exemption to Permit Certain Investment Advisers to Temporarily Advise Investment Companies without Shareholder Approval (1999)

Exemption To Allow Investment Advisers To Charge Fees Based Upon a Share of Capital Gains Upon or Capital Appreciation of a Client's Account (1998)

**F. Other Rules Alleviating Regulatory Restrictions**

Custody of Investment Company Assets with a Securities Depository (2003)

Foreign Custody of Investment Company Assets (2000)

Repurchase Agreements and Refunded Securities (2001)

**G. Operating Rules**

Registration Requirements for Certain Investment Advisers Operating Through the Internet (2002)

Personal Investment Activities of Investment Company Personnel (1999)

Deregistration of Certain Registered Investment Companies (1999)

Registration Requirements for Investment Advisers Operating in Multiple States (1998)

Investment Adviser Year 2000 Reports (1998)

**III. Pending Rule Proposals**

**A. Investment Company Disclosure Requirements**

Shareholder Reports and Quarterly Portfolio Disclosure of Registered Management Investment Companies (2002)

Amendments to Investment Company Advertising Rules (2002)

**B. Disclosure Requirements Affecting All Types of Issuers, Including Investment Companies**

Disclosure of Issuer Stock Repurchases (2002)

**C. Investment Adviser Disclosure Requirements**

Electronic Filing by Investment Advisers, Amendments to Form ADV Part 2 (Firm Brochure) (2000)

**D. Exemptive Rules**

Certain Broker-Dealers Deemed Not to be Investment Advisers (1999)

**E. Operating Rules**

Compliance Programs of Investment Companies and Investment Advisers  
(2003)

Custody of Funds or Securities of Clients by Investment Advisers (2002)

Political Contributions by Certain Investment Advisers (1999)

**F. Other**

Amendments to Safe Harbor from Liability for Manipulation of Issuer  
Repurchases of Common Stock (2002)