

ICI Commentary in USA Today Addresses Ongoing Mutual Fund Investigations

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Investors Are Our Priority

by Matthew P. Fink

Serving investors above all other interests is mutual funds' first and only commandment. It's the reason 95 million Americans became mutual fund investors. If the [allegations](#) described by New York's attorney general are true, that commandment may have been violated.

There can be no excuse for knowingly permitting the buying and selling of fund shares at old prices after the market has closed. And while restricting market timing is easier said than done, silently selling to a select few the right to trade fund shares is deeply troubling. Thorough investigations must ensure that every trail is followed. Regardless of where investigations lead, however, we already know the broad elements of what must be done to reassure individual investors.

- First, government officials must identify everyone who violated the law. Forceful and unambiguous sanctions must be delivered swiftly wherever punishment is warranted.
- Second, if shareholders were harmed because of illegal or deceptive business arrangements, these are wrongs that must be made right.
- Third, any gaps in the otherwise strict system of mutual fund regulation must be identified and effectively addressed.

In short, mutual funds support strong, powerful medicine. But we must also ensure that regulators take the time to arrive at an accurate diagnosis.

The Investment Company Institute and its members are fully aware of the profound responsibilities we assumed when we committed our livelihoods and reputations to helping average Americans become long-term investors. Mutual funds have inspired public confidence because we view the fulfillment of our responsibilities to investors as a satisfying accomplishment rather than an unnecessary burden. In

1995, the Chairman of the Securities and Exchange Commission stated that “mutual funds became as popular as personal computers not because they were anointed by some heavenly authority, but because they served investors above all other interests.” In the weeks and months ahead, all of us who work for or with mutual funds will do everything possible to strengthen and reinforce our commitment to serve investors “above all other interests.”

Matthew P. Fink is president of the Investment Company Institute, which represents mutual fund companies.

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