IDC Independent Directors Council
Promoting Excellence in Fund Governance

Letter to the Editor, New York Times: “Funds Engage Actively with Companies on Governance Issues”

Letter to the *New York Times* on “Funds Engage Actively with Companies on Governance Issues”

ICI president and CEO Paul Schott Stevens submitted the following letter to the *New York Times*:

To the Editor:

Every mutual fund or other registered investment company is required by law to cast votes on proxy proposals in the interests of the fund and its investors. Generally, funds interpret this to mean that they should support proposals that will promote good corporate governance and increase the value of the funds’ investments, carefully weighing shareholder interests and fund objectives.

Contrary to the shopworn myths trotted out by Gretchen Morgenson (“New Momentum for Change in Corporate Board Elections,” July 6), funds engage actively with companies on governance issues, both directly and through the proxy ballot.

Uniquely among institutional investors, funds also disclose each and every vote cast. ICI’s examination of more than 10 million fund votes cast from 2007 to 2009 shows, for example, that in 2009 funds voted nearly 60 percent of the time in favor of shareholder “say-on-pay” proposals. Such facts render Morgenson’s “do nothing” charges hollow.

Paul Schott Stevens
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