

## Industry Goups

### \* Shareholder Group Debuts Interactive Site, Resource Center

Shareholder advocacy organization **Coalition of Mutual Fund Investors** has re-launched its website with the goal of creating an online library of resources for both investors and mutual fund professionals, including trustees. The site, [www.investorscoalition.com](http://www.investorscoalition.com), debuted in 2003, and this marks the first time it's been upgraded, according to **Niels Holch**, executive director.

"We did a reboot of [the site] this summer because it was not engaging people...Now I've organized everything by issues and by cases, and we've made it much more interactive," Holch told *FD*. Before the new site went live in late October, site visitors were unable to comment on any information and there were no **Twitter** or **Facebook** links, he explained. "I've tried to make it a resource center; I'm about building a library," Holch said.

The site features different "buckets" of information, including "Regulatory Tracker," "Legislative Tracker," and "Litigation Tracker," as well as an archive of news articles and comment letters, columns and white papers authored by CMFI. It also offers an email alert service to keep followers up to date on regulatory, legislative and litigation developments.

Among the topics covered on the site that are of interest to mutual fund directors are money market fund reform, 12b-1 fees, hidden omnibus accounts, and market timing issues.

#### When It Comes To Derivatives...

### IDC, MFDF To SEC: Leave Directors Alone

Both the **Independent Directors Council** and **Mutual Fund Directors Forum** have called on the **Securities and Exchange Commission** to tread lightly when considering whether to issue guidance on the role and responsibilities of directors in overseeing funds' use of derivatives. In comment letters submitted Nov. 7 in response to the SEC's concept release on derivatives (*FD*, September), the two industry associations said the agency should be careful not to require directors to "cross the line" to micro-manage a fund's use of

derivatives.

"Fund directors have devoted a great deal of attention to derivatives over the past several years, and the role and responsibilities of fund directors in overseeing their use have also received a great deal of attention. Accordingly, IDC believes that regulatory guidance is not needed," IDC Governing Council Chairman **Dorothy Berry** said a six-page comment letter.

In its eight-page letter, signed by **David Smith**, executive v.p. and general counsel, MFDF said: "The SEC should take care that its proposals do not have the unintended consequence of undermining the place of directors in the regulatory structure. In particular, if a new system of regulation were to place directors in a position where they were encouraged to micromanage a fund's use of derivatives—or indeed required, implicitly or otherwise, to take a direct role in the management of a fund's derivative positions and their associated risks—then that system of regulation could result in placing a core management function in the hands of directors. Such a system would undermine directors' role as overseers, and would therefore be contrary to the best interests of fund shareholders."

Both groups also urged the Commission to take a principles-based approach, rather an all-inclusive approach to regulation governing derivatives use. "A regulatory system of this type [all-inclusive] will lack the flexibility and responsiveness necessary to deal with this fast-changing environment," MFDF said. IDC, noting that the concept release questions whether boards have sufficient expertise to oversee an alternative approach to leverage and derivatives management, stated: "Fund boards have addressed complex issues in the past and on a regular basis, and there is no reason to believe that they are incapable of addressing this one."

IDC and MFDF also agreed that guidance specific to the valuation of derivatives is unnecessary. In its letter, IDC also calls for the SEC to end its moratorium on the issuance of exemptive relief for exchange-traded funds pending completion of its review of the use of derivatives by funds. "Accordingly, in light of the competitive disadvantage this position imposes on those who were not able to gain exemptive relief prior