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December 18, 2002

The Honorable Harvey L. Pitt
Chairman
Securities and Exchange Commission
450 5th Street, NW
Washington, DC 20549

Dear Chairman Pitt:

As part of the Committee's ongoing efforts to increase transparency in the securities markets, we want to urge you to require the nation's mutual funds to enhance their disclosures to fund shareholders. As such, we commend the Securities and Exchange Commission's recent proposal to increase the frequency of disclosure of mutual fund portfolio holdings and to require additional information regarding the management fees paid by shareholders.

Current SEC rules require that funds disclose their complete portfolio holdings on a semi-annual basis. We believe America's 93 million mutual fund investors are entitled to receive more timely information about their funds' investments. Quite fundamentally, this will allow them to make better-informed investment decisions. Also, providing this information more frequently will empower investors to hold funds accountable for investing in accordance with their stated investment objectives. We believe this rule proposal can be accomplished without significant disruption or cost to the industry.

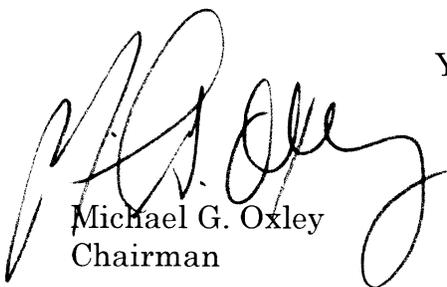
Many funds already disclose information about their portfolio holdings more frequently than twice per year. Many fund managers are required to disclose portfolio holdings quarterly under Rule 13f-1(a) under the Securities Exchange Act of 1934, which applies to institutional investors with at least \$100 million under management. Furthermore, approximately three-quarters of mutual funds already sell this information to third parties on at least a quarterly basis.

Some have raised concerns that providing portfolio holdings information too frequently would undermine the ability of funds to move in

and out of positions easily by permitting investors to “front-run” the funds. We believe a reasonable delay, such as 60 days, in providing this information to investors is an appropriate way to address this concern, and are pleased to see such a provision in the rule proposal.

Additionally, the Commission’s proposal to require mutual funds to provide their investors with actual dollar figures relating to the fees they would have paid on a hypothetical \$10,000 investment – based on the fund’s actual expenses and return – is a significant step toward demystifying the expenses paid by fund owners. We commend the Commission for recognizing that investors need more useful and accessible information on mutual fund fees.

Yours truly,



Michael G. Oxley
Chairman



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