

S 2059

Mutual Fund Reform Act of 2004

Congress: 108 (2003–2005, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Feb 10, 2004

Current Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as

Latest Action: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as introduced: CR S797-802) (Feb 10, 2004)

Official Text: <https://www.congress.gov/bill/108th-congress/senate-bill/2059>

Sponsor

Name: Sen. Fitzgerald, Peter [R-IL]

Party: Republican • **State:** IL • **Chamber:** Senate

Cosponsors (12 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Collins, Susan M. [R-ME]	R · ME		Feb 10, 2004
Sen. Levin, Carl [D-MI]	D · MI		Feb 10, 2004
Sen. Hollings, Ernest F. [D-SC]	D · SC		Mar 22, 2004
Sen. Kennedy, Edward M. [D-MA]	D · MA		Mar 22, 2004
Sen. Lautenberg, Frank R. [D-NJ]	D · NJ		Mar 22, 2004
Sen. Lugar, Richard G. [R-IN]	R · IN		Mar 22, 2004
Sen. Durbin, Richard J. [D-IL]	D · IL		Mar 23, 2004
Sen. Voinovich, George V. [R-OH]	R · OH		Mar 25, 2004
Sen. Coleman, Norm [R-MN]	R · MN		Apr 1, 2004
Sen. Cantwell, Maria [D-WA]	D · WA		Apr 5, 2004
Sen. McCain, John [R-AZ]	R · AZ		May 13, 2004
Sen. Pryor, Mark L. [D-AR]	D · AR		Jun 21, 2004

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Feb 10, 2004

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Mutual Fund Reform Act of 2004 - Amends the Investment Company Act of 1940 to: (1) reduce from 60 percent to 25 percent the maximum number of interested persons serving on the board of directors of a registered investment company; and (2) prohibit an interested person of such company from serving as chairman of such board of directors.

States that a fiduciary duty is owed by: (1) the board of directors to act with loyalty and care in the best interests of shareholders; and (2) an investment adviser to supply material information necessary for independent directors to review and govern the company.

Revises guidelines governing independent accounting and auditing.

Directs the SEC to require adoption of a code of ethics by a registered investment company and by its investment advisers and principal underwriters.

Directs the SEC to require each senior executive officer of an investment adviser to certify in periodic reports to shareholders that specified procedures are in place to verify compliance with transparency and specified ethical considerations.

Grants whistleblower protection for employees of publicly traded companies and registered investment companies.

Directs the SEC to develop standardized disclosures for: (1) expense and transaction cost ratios; (2) cost structures; (3) investment adviser compensation; (4) point of sale; and (5) additional disclosures of broker compensation.

Repeals Rule 12b-1 fees (asset-based distribution expenses paid by investors).

Prohibits: (1) revenue sharing; (2) directed brokerage fees; (3) soft dollar arrangements; (4) short-term trading; and (5) joint management of mutual funds and hedge funds.

Actions Timeline

- **Feb 10, 2004:** Introduced in Senate
- **Feb 10, 2004:** Sponsor introductory remarks on measure. (CR S793-797)
- **Feb 10, 2004:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as introduced: CR S797-802)