

HR 4505

Mutual Fund Reform Act of 2004

Congress: 108 (2003–2005, Ended)

Chamber: House

Policy Area: Finance and Financial Sector

Introduced: Jun 3, 2004

Current Status: Referred to the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.

Latest Action: Referred to the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.
(Jun 28, 2004)

Official Text: <https://www.congress.gov/bill/108th-congress/house-bill/4505>

Sponsor

Name: Rep. Gillmor, Paul E. [R-OH-5]

Party: Republican • **State:** OH • **Chamber:** House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Referred to	Jun 28, 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

- **Jun 28, 2004:** Referred to the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.
- **Jun 3, 2004:** Introduced in House
- **Jun 3, 2004:** Introduced in House
- **Jun 3, 2004:** Referred to the House Committee on Financial Services.