

S 1037

Mutual Fund Transparency Act of 2005

Congress: 109 (2005–2007, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: May 16, 2005

Current Status: Sponsor introductory remarks on measure. (CR S7487-7488)

Latest Action: Sponsor introductory remarks on measure. (CR S7487-7488) (Jun 28, 2005)

Official Text: <https://www.congress.gov/bill/109th-congress/senate-bill/1037>

Sponsor

Name: Sen. Akaka, Daniel K. [D-HI]

Party: Democratic • **State:** HI • **Chamber:** Senate

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	May 16, 2005

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Mutual Fund Transparency Act of 2005 - Amends the Securities Exchange Act of 1934 to require broker disclosure in writing to open-end company (mutual fund) purchasers of the amount of any compensation due the broker in connection with the purchase transaction from any sources.

Amends the Investment Company Act of 1940 to direct the Securities and Exchange Commission (SEC) to require that brokerage commissions as an aggregate dollar amount and percentage of assets paid by a mutual fund company be included in any disclosure of the fees and expenses that may be payable by the holder of the securities of such company.

Revamps independent mutual fund board of directors membership to reduce from 60 percent to 25 percent the permissible number of interested persons serving on the board. Prohibits an interested person from being board chairman. Specifies conditions an interested person must meet to service as a board member.

Directs the SEC to issue final rules defining an interested person who is a "significant service provider," including the investment adviser and principal underwriter of a registered investment company.

Requires the SEC to study and report to Congress on: (1) financial literacy among mutual fund investors; and (2) mutual fund advertising.

Amends the Securities Exchange Act of 1934 to require broker disclosure to each purchaser of investment company shares in a mutual fund transaction of the compensation the broker receives, in dollars and as as a percentage of assets.

Requires each national securities association to issue rules requiring a broker that provides individualized investment advice to a person to: (1) have a fiduciary duty to that person; (2) act solely in the best interests of that person; and (3) fully disclose all potential conflicts of interest and other material information before the investment advice is first provided, and at least annually thereafter.

Actions Timeline

- **Jun 28, 2005:** Sponsor introductory remarks on measure. (CR S7487-7488)
- **May 16, 2005:** Introduced in Senate
- **May 16, 2005:** Sponsor introductory remarks on measure. (CR S5221-5222)
- **May 16, 2005:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as introduced: CR S5222-5223)