

Leading the Way in the Wake of Crisis

KEY DEVELOPMENTS AND ICI ACTIONS, SEPTEMBER 2008–FEBRUARY 2009

DOW JONES INDUSTRIAL AVERAGE—DAILY CLOSES
AUGUST 1, 2008–FEBRUARY 27, 2009

MARKET EVENTS

SEP 7: Fannie Mae and Freddie Mac are placed in federal conservatorship.

SEP 15: Lehman Brothers Holdings Inc. declares bankruptcy.

SEP 16: Reserve Primary Fund breaks the dollar. Government takes 80 percent equity stake in AIG.

SEP 19: Treasury announces Temporary Guarantee Program for Money Market Funds and proposes a \$700 billion Troubled Asset Recovery Program (TARP). Fed announces liquidity facility for commercial paper.

SEP 30: Mutual funds' total net assets: \$10.7 trillion.

OCT 3: Congress passes and President George W. Bush signs the Emergency Economic Stabilization Act of 2008.

OCT 7: Large fund complexes announce their money market funds will enroll in the Treasury Guarantee Program.

OCT 14: The SEC issues final rules to address short selling abuses.

OCT 21: Fed establishes Money Market Investor Funding Facility (MMIFF) to fund private-sector initiative to buy assets from money market funds.

NOV 24: Treasury announces extension of Temporary Guarantee Program until April 30, 2009.

DEC 23: President Bush signs the Worker, Retiree, and Employer Recovery Act of 2008, which allows retirees to avoid taking required minimum distributions for 2009.

DEC 31: Mutual funds' total net assets: \$9.6 trillion.

JAN 14: Money market fund assets hit \$3.9 trillion, a record to date.

JAN 15: The Group of 30, chaired by former Fed Chairman Paul Volcker, suggests money market funds should either adopt a floating net asset value (NAV) or be subject to bank-style regulation.

FEB 2: The SEC adopts a series of measures to increase transparency and accountability at credit rating agencies.

FEB 17: Obama Administration stimulus legislation, the American Recovery and Reinvestment Act of 2009, is enacted.

FEB 25: Senate Special Committee on Aging Chairman Herb Kohl (D-WI) says rules may be needed to make investors more aware of risks of target date funds.



ICI ACTIONS

SEP 7: ICI works with members and regulators to gauge impact of Fannie and Freddie takeover on money market funds.

SEP 19-20: ICI works with regulators to limit the reach of the Treasury Guarantee for Money Market Funds, urging that the guarantee not be open-ended.

SEP 25: At ICI's request, SEC issues no-action letter allowing banks to use the Fed's facility to purchase commercial paper from affiliated money market funds.

OCT 3: ICI Board of Governors conducts comprehensive review of crisis activities, discussing credit market conditions and ICI response to government actions.

OCT 10: SEC staff issues a no-action letter to ICI allowing money market funds to "shadow price" securities using amortized cost rather than market value quotations until January 12, 2009.

OCT 21: In written testimony to House Education and Labor Committee, ICI argues that it would be a "grave mistake" to use recent market events as an excuse to dismantle current retirement system.

OCT 21: ICI issues a statement welcoming Fed's MMIFF and private-sector liquidity initiative.

NOV 4: ICI establishes Money Market Working Group to recommend changes to help strengthen the money market and improve the operation and regulation of money market funds.



DEC 19: In a news conference at the National Press Club, ICI President and CEO Paul Schott Stevens presents research showing continued public support for defined contribution plans and outlines reform agenda for U.S. retirement system.



JAN 5: In a letter to independent directors, Stevens sets out ICI's 2009 policy priorities: regulatory reform, affirmation of 401(k), strengthening money market funds, and equitable tax treatment for funds and investors.



JAN 27: ICI launches new weekly data series on net new cash flow for long-term mutual funds and revamps weekly report on money market fund assets.

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KEY DEVELOPMENTS AND ICI ACTIONS, MARCH 2009–OCTOBER 2009

DOW JONES INDUSTRIAL AVERAGE—DAILY CLOSES
MARCH 2, 2009–OCTOBER 14, 2009

MARKET EVENTS



MAR 9: Dow Jones Industrial Average closes at 12-year low of 6547.05.

MAR 26: Treasury outlines framework for regulatory reform. Secretary Geithner calls for “comprehensive reform—not modest repairs at the margin.”

MAR 31: Treasury announces final extension of Temporary Guarantee Program to September 18, 2009.

MAR 31: Mutual funds’ total net assets: \$9.2 trillion.

APR 8: Morningstar.com reports that expense ratios could climb 2 to 4 basis points in 2009.

APR 8: The U.S. Eighth Circuit Court of Appeals reverses dismissal of excessive fee case, *Gallus v. Ameriprise Financial*.

APR 10: SEC proposes several approaches to imposing price restrictions on short selling.

APR 19: *60 Minutes* airs segment, “Retirement Dreams Disappear with 401(k)s.”

JUN 17: Obama Administration white paper outlines proposals to promote robust supervision and regulation of financial firms. ICI calls blueprint “more significant and far-reaching than any since the New Deal.”

JUN 24: The SEC unanimously votes to propose changes to the rules governing money market funds. The agency’s proposal includes new standards in such key areas as credit quality, liquidity, and maturity.

JUN 30: Mutual funds’ total net assets: \$10.0 trillion.

MAY 20: GROWTH Act introduced in the U.S. Senate. Bill would defer taxation of mutual fund capital gain distributions that are automatically reinvested until shareholders actually sell their funds.

JUL 8: Treasury taps nine investment managers to operate funds that will buy toxic securities from financial institutions.

JUL 27: The SEC announces final rules aimed at protecting investors against abusive short sales and providing more short sale information to the public.



OCT 1: Fed Chairman Ben S. Bernanke tells lawmakers that responsibility for monitoring systemic financial risks should go to a council of regulators.

OCT 14: Dow Jones Industrial Average closes above 10,000 for the first time since October 2008.

SEP 17: SEC votes unanimously to bolster oversight of credit ratings agencies by enhancing disclosure and improving the quality of credit ratings.

SEP 18: Treasury Temporary Guarantee Program for Money Market Funds expires.

SEP 30: Mutual funds’ total net assets: \$10.8 trillion.

AUG 11: Obama Administration details a plan to more closely oversee the derivatives market by requiring many derivatives products to trade on regulated exchanges or electronic venues and be processed through clearinghouses.

ICI ACTIONS

MAR 3: ICI releases white paper outlining ways to modernize and strengthen regulatory oversight of the U.S. financial industry.

MAR 5: ICI hosts Retirement Savings Summit with six other trade groups.

MAR 10: Stevens presents ICI ideas for financial services regulatory reform to Senate Banking Committee.

MAR 17: Money Market Working Group submits its report to ICI Board, recommending new standards for credit quality, liquidity, and maturity. Board endorses report and calls upon money market funds to implement proposals voluntarily.

MAR 26: ICI tells SEC that investors need increased disclosure from credit ratings agencies and issuers.



APR 14: ICI and Deloitte Consulting release study on fees in 401(k) and other defined contribution plans.

APR 15: At SEC roundtable, Stevens calls for improved disclosure on credit ratings and a more transparent ratings process.

APR 17: ICI publishes “10 Myths About 401(k)s—and the Facts” to dispel myths that savers are widely abandoning 401(k) plans.

MAY 5: At AEI forum, ICI Chief Economist Brian Reid argues against floating net asset value for money market funds.

MAY 8: At ICI’s 51st General Membership Meeting, SEC Chairman Schapiro names regulatory reform as her top priority and says the SEC should be the capital markets regulator.

JUN 18: ICI General Counsel Karrie McMillan releases *Principles to Enhance Understanding of Target Date Funds* at joint SEC-Department of Labor hearing.

JUN 24: ICI welcomes SEC’s proposed money market fund reforms.

JUN 24: ICI registers objections to H.R. 2989, a 401(k) disclosure bill passed by the House Education and Labor Committee.

JUL 9: In an *Ignites* commentary, Stevens says Congress can improve upon H.R. 2989.

JUL 16: ICI submits recommendations to Department of Labor on Obama Administration retirement security agenda.

JUL 17: Before House Financial Services Committee, Stevens recommends a stronger SEC and an effective Systemic Risk Council.

JUL 23: Stevens discusses his vision of a Systemic Risk Council before Senate Banking Committee.



SEP 3: ICI and the Independent Directors Council file *amicus curiae* briefs with the U.S. Supreme Court in support of Harris Associates in *Jones v. Harris Associates L.P.*

SEP 8: ICI expresses its support for the SEC’s proposed changes to money market fund regulation but rejects requiring funds to use a floating NAV.

SEP 8: ICI comment letter calls for enhanced disclosure of information to investors regarding municipal securities.

SEP 28: ICI holds a workshop for regulators and retirement experts on enhancing understanding of target retirement date funds.



OCT 1: ICI urges policies to expand access to investment advice for 401(k) and IRA savers in statement to House Ways and Means Committee hearing.