

January 28, 2000

Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0609

RE: File No. S7-23-99

Dear Mr. Katz:

The North American Securities Administrators Association (NASAA)<sup>1</sup> appreciates the opportunity to comment on the Proposed Rule by the Securities and Exchange Commission regarding the role of independent directors of investment companies.

NASAA recognizes the important role that Independent Directors of Investment Companies play in ensuring accountability and instilling confidence in those investors who purchase mutual funds. Fund directors are the first line of investor protection for millions of small investors who own shares in mutual funds. As fiduciaries, fund directors are required under both state law and the Investment Company Act of 1940 to adhere to the highest standards of behavior in fulfilling their responsibilities to shareholders in overseeing a fund's business affairs.<sup>2</sup>

NASAA applauds Chairman Levitt's stewardship of this issue. The Securities and Exchange Commission ("Commission") has also acted in a commendable and proactive manner in addressing this issue of great concern to the individual investor. The Commission sponsored "Roundtable on the Role of Independent Investment Company Directors" laid the groundwork for this proposed rule and demonstrates their willingness to address a topical area of investor concern in a timely manner with the inclusion of decision makers from both the private and the public sectors.

NASAA supports rulemaking that enhances both the role and the required disclosures of Independent Directors, which in turn furthers our own stated mission of investor protection.

---

<sup>1</sup> The oldest international organization devoted to investor protection, the North American Securities Administrators, Inc., was organized in 1919. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico and Puerto Rico. NASAA is the voice of securities agencies responsible for grass-roots protection and efficient capital formation.

<sup>2</sup> Remarks of then NASAA President-elect Bradley W. Skolnik at the "Roundtable on the Role of Independent Investment Company Directors," on February 24, 1999.

NASAA appreciates the opportunity, presently, as well as in the future, to provide guidance and comments in this area of great investor protection concern and importance. If I can be of further assistance, please contact me directly at (317) 232-6695. Thank You.

Sincerely,

Bradley W. Skolnik  
NASAA President  
Indiana Securities Commissioner