

United States Senate

WASHINGTON, DC 20510

June 22, 2005

United States Securities and Exchange Commission
450 Fifth Street NW
Washington, DC 20549

Dear Chairman Donaldson and Members of the Commission:

We are writing about yesterday's ruling by the U.S. Court of Appeals for the D.C. Circuit directing the Securities and Exchange Commission (SEC) to reconsider rules passed in June 2004 requiring the chairman and 75 percent of most mutual fund boards to be independent of fund managers.

In a unanimous decision, the three-judge panel found that the SEC violated the Administrative Procedure Act by failing adequately to consider the costs of the rule. The Court also found that the Agency improperly rejected an alternative proposal from two of its commissioners.

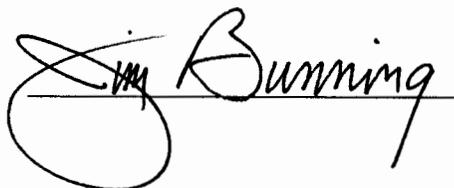
As you know, it is tradition that an outgoing chairman not finalize pending controversial matters immediately before his or her successor takes office. Moreover, it would seem inappropriate and contrary to the Administrative Procedures Act for the Commission to undertake, and complete, a complex regulatory finding, circulate it among the commissioners, engage in a full and thorough debate, and move it to final vote in just one week.

Accordingly, we are asking that the Commission defer final action on this controversial and complex matter until the Commission's new chairman is in office and the full Commission can make a deliberate decision.

Sincerely,

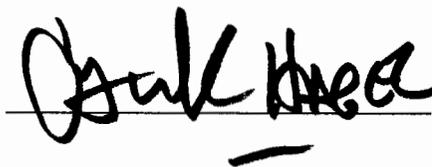












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