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Jarold W. Boettcher

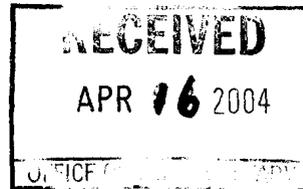
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S7-03-04

April 5, 2004

The Honorable William H. Donaldson  
Chairman, Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549



Dear Chairman Donaldson:

Re: Securities and Exchange Commission Proposed Rule: Investment Company Governance (Release No IC 26323).

I am an independent director for Ivy Funds, Inc., and am writing this letter to express my personal opinion and judgment on the proposal before the SEC to require that the Chairman of a mutual fund board be an independent director. Ivy Funds are a relatively small mutual fund family by today's standards of size. The mutual funds are managed by Waddell & Reed, a long established money management firm, publicly held, with an investment management staff that has achieved superior results over a long period of time.

Regarding a mandate that the chairman of the fund board be an independent director -- I respectfully disagree. I believe the independent directors should be independent in the truest sense of the word and should continue to be permitted to select the person they believe to be best qualified to serve as board chairman.

I agree with the goal of the SEC to require boards of directors of mutual funds adopt governance practices to enhance the independence and effectiveness of boards and to improve the ability of the directors to protect fund shareholders and their interests. I specifically support having the independent directors constitute a minimum of 75% of the total members of the board of directors. That number is presently in effect at Ivy Funds. In addition, independent directors should chair the audit committee, governance, and nominating committee. I am the sitting chair of the audit committee for Ivy Funds and value my independence greatly.

More specific reasons for opposing the mandate that the chairman of the board be an independent director are as follows:

Very truly yours,

Jarold W. Boettcher

Chief Counsel

The mandate could deny some funds and their boards the opportunity to select the best qualified individual for the position.

The individual selected might inherit, after the fact, a myriad of additional regulatory responsibilities which could force that individual into more of a day to day role than was anticipated and potentially become less independent, thereby violating the original premise.

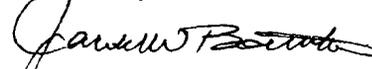
Due to the publicity and new scrutiny, it may become more difficult to find people willing to serve as board members, let alone chairpersons, who may, or may not, have a background suitable for the position.

An independent director, serving as chair, would necessarily need additional staff, legal counsel and other support services, thereby increasing costs to shareholders for no observable gain in terms of protection provided.

Circumstances to date do not support the position that having an independent chairman of the board would have prevented some of the abuses that have been reported. Indeed, several of the fund complexes which have come under the review and action by the SEC already have independent chairpersons.

Thank you for your consideration of my point of view.

Yours truly,



Jarold W. Boettcher, CFA

JWB/jb