

WILLIAM L. ARMSTRONG  
1625 BROADWAY  
SUITE 780  
DENVER, COLORADO 80202

303-595-3828

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August 4, 2006

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Attention: Ms. Nancy M. Morris

Re: **File Number: S7-03-04**

Members of the Commission:

I am writing on behalf of the Board of Directors of the Oppenheimer Board II Mutual Funds in response to your request for comments on the two rule amendments previously approved by the Commission. These proposals, if adopted, would mandate that fund boards be chaired by a director that is independent of fund management and be comprised of directors at least 75% of directors who are independent. As we understand it, the Commission is currently revisiting certain aspects of those amendments, which were set aside by a federal appeals court. Specifically, we wish to respond to your request for comments on the "current cost data . . . for funds that have voluntarily complied with either or both" of the amendments and on the "additional provisions designed to achieve the underlying purpose of the amendments, which is the protection of funds and fund shareholders."<sup>1</sup>

Our Board oversees 38 mutual funds having over \$88 billion under management. Nine of the Board's eleven directors are independent and I have served as the independent chair of the Board for the past three years.

#### Independent Chair Proposal

In light of the fact that we currently have an independent chair, our Funds would not incur additional costs should the Commission adopt the independent chair proposal. In any event, however, we do not believe that cost is the primary consideration in determining whether the proposal should be adopted.

While having an independent chair works well for our board, we also recognize that this may not be an appropriate governance mechanism for all fund complexes. We acknowledge that

<sup>1</sup> Investment Company Governance, Investment Company Act Release No. 27395 (June 2006).

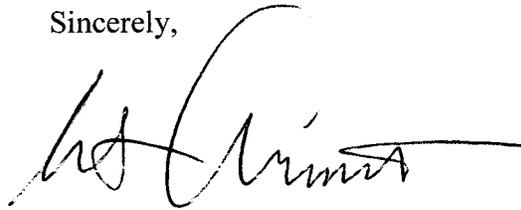
one size does not necessarily fit all. We note that Congress and the Commission rely on the good judgment of fund directors in fulfilling a number of critical responsibilities, such as approving contracts and monitoring conflicts. Yet if the Commission were to mandate that all funds have an independent chair, the Commission in effect would be saying that the judgment of the directors cannot be relied upon as to this sensitive and highly individual decision of who will lead the fund board. This determination, we respectfully submit, should continue to be left to those who are best equipped to make it—the independent fund directors, not a governmental agency. For this reason, we oppose any proposal that would mandate an independent fund chair.

75% Proposal

As noted, we currently exceed the 75% threshold, so our Fund shareholders would not be impacted should the Commission adopt the proposal that at least 75% of a board be independent. In this instance too, though, our Board advocates that independent directors be free to choose the governance framework that they believe is best suited to their respective fund boards. The current standard for us, as it is for most funds, is 66-2/3%, and we see no compelling reason to change it. To us, this proposition is almost as simple as visiting an ice cream parlor and picking one's favorite flavor. Our Board may like vanilla and others may like strawberry. Why should the Commission, or anyone else for that matter, dictate that all independent directors must have vanilla?

We thank the Commission for considering these thoughts when it revisits the two proposals. We also commend you for the time and effort you have dedicated to assuring that independent directors are well-equipped to effectively undertake our responsibilities.

Sincerely,

A handwritten signature in black ink, appearing to read "William Armstrong", with a long, sweeping horizontal stroke at the end.

William Armstrong  
Chairman  
Oppenheimer Board II Mutual Funds