



INVESTMENT COMPANY INSTITUTE

PAUL SCHOTT STEVENS
PRESIDENT

June 24, 2004

The Honorable J. Dennis Hastert
Speaker of the House
H-232 Capitol Building
Washington, DC 20515

Dear Mr. Speaker:

The Investment Company Institute¹ is writing to express its support for the Free Trade Agreement (FTA) with Australia, which has been submitted to Congress pursuant to the Trade Promotion Authority Act. The agreement contains commitments that achieve many of the US asset management industry's goals.

Specifically, under the agreement, Australia will afford national treatment and most favored nation treatment to US firms seeking to provide asset management services to Australia's civil service pension system thereby allowing US firms to compete on the same basis as Australian firms. In addition, Australia will permit the cross-border provision of portfolio management services by US asset management firms to Australian mutual funds. This provision will be important in allowing US firms managing Australian fund assets to achieve economies of scale and better serve their Australian clients. The financial services transparency commitments in the agreement, which require (among other things) notice and comment rulemaking and prompt notification of the status of applications, also will benefit the asset management industry.

Australia made some liberalizing changes but did not agree to dismantle its foreign investment screening rules, which permit Australia's Treasurer to object to the foreign acquisition of substantial interests in existing Australian companies or certain industries. We continue to hope that Australia will reconsider these rules, and we appreciate the efforts of the US negotiators in obtaining provisions in the agreement and side letters to help ameliorate the impact of these rules on the financial services industry.

The FTA with Australia represents an important step in opening up world markets for the US asset management industry. In particular, the commitments on the cross-border provision of portfolio management to mutual funds and on regulatory transparency set extremely important precedents for negotiations with other trading partners and in the

¹ The Institute is the national association of the US investment company industry. Our membership includes 8,633 open-end investment companies ("mutual funds"), 622 closed-end investment companies, 126 exchange-traded funds, and 5 sponsors of unit investment trusts. Our mutual fund members have assets in excess of \$7.3 trillion, accounting for approximately 95% of total industry assets. Individual owners represented by ICI member firms number 86.6 million as of mid 2003, representing 50.6 million households.

WTO. We believe that overall the agreement is beneficial to the asset management industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul H. Hunter". The signature is written in a cursive style with a large initial "P" and a long horizontal flourish at the end.

cc: The Honorable Nancy Pelosi
Minority Leader
H-204 Capitol Building
Washington, DC 20515