NEWS RELEASE
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ICI, Chamber Respond to DC Circuit Decision

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Washington, DC, June 25, 2013 - Today, the U.S. Court of Appeals for the D.C. Circuit issued a decision upholding the Commodity Futures Trading Commission's (CFTC) amendments to Rule 4.5, which result in redundant regulation of registered investment companies, such as mutual funds and exchange-traded funds (ETFs).

"As we review the court's decision, we will continue to look for ways to lessen the burdens this rule imposes on the business community," David Hirschmann, president and CEO of the Chamber's Center for Capital Markets Competitiveness, said. "We believe this rule was improperly adopted and imposes duplicative compliance costs on American companies and investors."

"The court's decision today appears to reflect its judgment that the costs and benefits of the CFTC's expanded regulation of investment companies cannot be fully assessed until the agency completes its rulemaking to 'harmonize' its rules with those of the Securities and Exchange Commission," Karrie McMillan, general counsel of the Investment Company Institute, said. "The court made clear that it expects the costs and benefits of the harmonization rule to be carefully considered. While we continue to believe that the CFTC's recent amendments to Rule 4.5 were improperly adopted, we intend to focus on ensuring that the CFTC's regulatory regime as it evolves does not adversely affect fund investors."

The lawsuit challenged the CFTC's recent changes to its Rule 4.5, which excludes certain entities from regulation as commodity pool operators (CPOs). The CFTC's changes to Rule 4.5 require many advisers to registered investment companies—which are already regulated by the SEC—to be dually regulated by the CFTC as CPOs. The amendments to Rule 4.5 result in unnecessary and burdensome regulations on advisers and their funds and, ultimately, their shareholders.

ICI, founded in 1940, is the national association of U.S. investment companies, including mutual funds, closed-end funds, unit investment trusts, and exchange-traded funds. Members of ICI manage total assets of $15.2 trillion and serve more than 90 million shareholders.

Since its inception in 2007, the Center for Capital Markets Competitiveness (CCMC) has led a bipartisan effort to modernize and strengthen the outmoded regulatory systems that have governed our capital markets. The CCMC is committed to working aggressively with the administration, Congress, and global leaders to implement reforms to strengthen the

economy, restore investor confidence, and ensure well-functioning capital markets.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

The case is *Investment Company Institute and Chamber of Commerce of the United States v. Commodity Futures Trading Commission*.

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