

## ICI VIEWPOINTS

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## David Silver: An Appreciation

By Paul Schott Stevens

With the passing of David Silver, the fund industry has lost a great friend and a great leader. During 25 years with ICI—14 as president—Dave leveraged his extensive knowledge of the financial landscape and his abilities as a skillful negotiator to guide the Institute and the fund industry through landmark changes, unprecedented growth, and increasing regulatory and technical complexity.

He was a tireless advocate of funds and their millions of shareholders, advocating for clearer disclosures and the creation of new types of funds to better serve investors. He drew upon his background as an attorney and regulator at the Securities and Exchange Commission (SEC) to build mutual understanding and forge consensus. He also was an innovator—considered by many to be the “father of the universal individual retirement account”—and a founder of ICI Mutual Insurance Company, the leading provider of liability and fidelity bond coverage to U.S. mutual funds. In fact, Dave served as president of ICI Mutual until 2001, 10 years after he retired from ICI, leading him to joke that he was the only president at the Institute who had to retire twice.

### A Driver of Growth, and Much More

When Dave joined ICI as associate counsel in 1966, he became part of a New York-based team of about 20 people who represented an industry with assets of roughly \$35 billion. When he retired as the Institute's president in 1991, he left behind a staff of more than 100 based in Washington, DC, serving an industry that had grown to \$1.6 trillion in assets.

Dave's stewardship would be impressive if viewed only from a growth perspective, but his leadership encompassed so much more. Even at the beginning of his tenure at ICI, one of the hallmarks of the fund industry was its ability to work with regulators. Between 1966 and 1970, Dave personified this approach by working closely with industry representatives, regulators, and legislators to shepherd the industry through a number of complex, sweeping, and potentially damaging legislative proposals made by the SEC to regulate fund fees and expenses.

His patient efforts to find common ground helped lead to the 1970 amendments to the Investment Company Act of 1940, which—among other things—held investment company advisers to a fiduciary duty with respect to their compensation. The compromise provision protects investors to this day by giving them a way to challenge excessive fees in the courts, while keeping the SEC and courts out of the business of setting fund fees. As former ICI President Matthew P. Fink has pointed out, this pivotal achievement was “perhaps Dave's greatest accomplishment.”

This legislative accomplishment had much to do with ICI's subsequent move to Washington. Dave recalled in a 2006 interview that “I very much felt that the Institute should have a proactive program rather than being in a situation of responding to new government regulation.”

He demonstrated this attitude during the bear market and high interest rate environment of the 1970s, when money market funds multiplied in the face of opposition from the banking industry. Dave led ICI's efforts at the federal and state levels in a successful David-versus-Goliath struggle that even made the *Doonesbury* comic strip. His tenacity and perseverance against long odds also came into play during the creation of ICI Mutual, which enabled funds and their boards to get insurance coverage appropriate for their needs at a price they could afford.

### “The Right Man for ICI, at the Right Time”

ICI Governor John F. Cogan Jr., chairman of Pioneer Investment Management USA Inc., worked with Dave both as ICI chairman and

as chairman of ICI Mutual. “Dave was a first-rate lawyer and a man of great integrity,” Jack says. “He led efforts to broaden ICI’s member base, increase member involvement by expanding committee activity, build ICI’s reputation as an authoritative source of information, and promote technology as a way to increase efficiency and lower costs throughout the industry.

“Dave was also a great ‘general’ who had excellent strategic skills and was a superb tactician,” Jack recalls. “Though he argued fiercely on behalf of ICI, he was not an ideologue and had the respect of regulators. His unique mix of qualities made him the right man for ICI, at the right time. He was able to put together something that has stood the test of time.”

Few of us can ask to be remembered for more than that. Our industry owes an enormous debt of gratitude to David Silver for his many years of keen vision and skillful leadership.

*Paul Schott Stevens was President and CEO of ICI.*