



## U.S. Securities and Exchange Commission

### SEC Adopts Measures to Certify Management Investment Company Shareholder Reports

**FOR IMMEDIATE RELEASE  
2003-8**

*Washington, D.C., January 22, 2003* — The Securities and Exchange Commission today approved the adoption of rule and form amendments that implement the certification requirement of Section 302 of the Sarbanes-Oxley Act of 2002 with respect to registered management investment companies. The amendments will require mutual funds and other registered management investment companies to file shareholder reports on Form N-CSR and will require each registered management investment company's principal executive and financial officers to certify the information contained in these reports in the manner specified by Section 302. In addition, the Commission voted to adopt rule and form amendments that will require mutual funds and other registered management investment companies to include new disclosures on Form N-CSR and Form N-SAR in order to implement the "code of ethics" and "financial expert" disclosure requirements of Sections 406 and 407 of the Sarbanes-Oxley Act of 2002.

The amendments that the Commission approved include the following.

- **Certified Shareholder Reports on Form N-CSR.** The amendments will require mutual funds and other registered management investment companies to file certified shareholder reports with the Commission on new Form N-CSR. The amendments will also designate these certified shareholder reports as reports that are required under Sections 13(a) and 15(d) of the Securities Exchange Act of 1934.
- **Disclosure Controls and Procedures.** The amendments will require registered management investment companies to maintain, and regularly evaluate the effectiveness of, controls and procedures designed to ensure that the information required in filings on Form N-CSR is recorded, processed, summarized and reported on a timely basis.
- **Replacement of Certification Requirement on Form N-SAR.** The amendments will replace the certification requirement of Form N-SAR for registered management investment companies with the certification requirement in Form N-CSR. This will better implement the certification requirement of Section 302 of the Sarbanes-Oxley Act of 2002 because the requirement was intended to improve the quality of the disclosure

that a company provides about its financial condition in its periodic reports to shareholders. For registered management investment companies, the required reports to shareholders will be contained in Form N-CSR, rather than Form N-SAR, which is primarily a regulatory reporting form for use by the Commission in its inspection and compliance programs.

- **Code of Ethics Disclosure.** The amendments will implement Section 406 of the Sarbanes-Oxley Act with respect to registered management investment companies by requiring a registered management investment company to disclose whether it has adopted a code of ethics that applies to its principal executive officer and senior financial officers or persons performing similar functions. If it has not, the investment company will be required to explain why it has not. The amendments will also require an investment company to disclose amendments to, and waivers from, the code of ethics relating to any of those officers. These disclosure requirements will be similar to those that the Commission adopted last week for operating companies.
- **"Audit Committee Financial Expert" Disclosure.** The amendments will implement Section 407 of the Sarbanes-Oxley Act with respect to registered management investment companies by requiring a registered management investment company to disclose whether it has at least one "audit committee financial expert" serving on its audit committee, and if so, the name of the expert and whether the expert is independent of management. An investment company that does not have an audit committee financial expert will be required to disclose this fact and explain why it has no such expert. These disclosure requirements will be similar to those that the Commission adopted last week for operating companies.

## Compliance Dates

Webmaster's note: The following paragraph was added on January 28, 2003, to clarify compliance dates.

For periods ending on or before March 31, 2003, a registered management investment company may choose either to file Form N-CSR or to continue to comply with the certification requirements of Form N-SAR. For periods ending on or after April 1, 2003, a registered management investment company is required to file Form N-CSR. The code of ethics and audit committee financial experts disclosure requirements apply to annual reports for fiscal years ending on or after July 15, 2003.

\* \* \*

The full text of detailed releases concerning each of these items will be posted to the SEC Web site as soon as possible.

*<http://www.sec.gov/news/press/2003-8.htm>*

---

[Home](#) | [Previous Page](#)

Modified: 01/28/2003