

**Institutional Shareholder Services**  
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March 5, 2001

Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington DC 20549-0609

Dear Mr. Katz:

This letter is submitted to support Fund Democracy's petition for a hearing request on the current exemption from Section 15(a) of the Investment Company Act of 1940.

As a proxy advisory service, Institutional Shareholder Services (ISS) believes the issues raised by Fund Democracy warrant a hearing request. In particular, ISS is concerned about the Commission's current practice of granting the exemption to fund companies that do not implement a bona fide multimanaged advisory structure. While we are not committed to a specific outcome from the Commission if a hearing is granted, we do believe that the exemption, as it is currently structured, raises serious concerns regarding the rights of mutual fund shareholders.

Therefore, it is our opinion that an examination of the current exemption in this context would be constructive from a fund governance position.

Sincerely,

Erin K. McNally  
Senior Mutual Fund Analyst  
Institutional Shareholder Services

**cc:** The Honorable Laura S. Unger  
The Honorable Isaac C. Hunt, Jr.  
The Honorable Paul R. Carey  
Paul F. Roye, Esq.