

**THE ALLIANCE IN SUPPORT OF INDEPENDENT RESEARCH**

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**Alliance in Support of Independent Research Applauds NASD Mutual Fund Task Force Report Supporting Use of Independent Research by Mutual Fund Advisers**

Washington, D.C., November 16, 2004- The Alliance in Support of Independent Research ([www.alliance-research.org](http://www.alliance-research.org)) today applauded the NASD's Mutual Fund Task Force for recognizing the value of independent research to the portfolio management process and for supporting the continued use of portfolio commissions to fund the purchase of investment research.

Lee A. Pickard, Counsel to the Alliance in Support of Independent Research, Managing Partner of Pickard and Djinis LLP and former Director of the SEC's Division of Market Regulation, said, "We are happy that the NASD Task Force has recognized the value of independent research and the importance of regulatory parity in the treatment of third-party independent research and proprietary research. We also strongly support the Task Force's conclusion that investors will be best served if both independent and proprietary research continues to be widely available to all investment managers."

The November 11, 2004 Report of the Mutual Fund Task Force Soft Dollars and Portfolio Transaction Costs recognized that Section 28(e) is an important element in maintaining the flow of information to investment managers, and recommended only modest changes to the existing regulatory regime applicable to Section 28(e) (or "soft dollar") arrangements. Among other things, the NASD Task Force recommended that the SEC: 1) slightly modify its interpretation of the definition of "research" under Section 28(e) in a manner which preserves research services which are today utilized by investment managers; and, 2) enhance disclosure of both third-party independent and proprietary research arrangements to both mutual fund boards and to mutual fund investors.

The Alliance supports enhancing disclosure to fund boards and investors of all arrangements whereby money managers receive execution and research services – proprietary and third party alike. It is important, however, that any disclosure regime ultimately adopted by the SEC not discriminate between independent and proprietary research arrangements. The NASD Task Force's Report goes a long way towards achieving this goal, and should help to dispel the misconception held by some that independent research is somehow viewed differently by regulators than is proprietary research.

**RELEASE**

The NASD Task Force's Report comes on the heels of the release of Policy Statement 04/23 by the U.K. Financial Services Authority ("FSA"), which reiterated the FSA's focus on transparency and accountability of fund managers' use of commissions to pay for research and other services, as well as the FSA's belief in the equality of regulatory treatment between bundled and softed (proprietary and independent) research arrangements.

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Members of the Alliance in Support of Independent Research share a common interest in fostering a favorable regulatory environment in which research services and products may be furnished to the money management community, and in preserving the umbrella of protection Section 28(e) of the Securities Exchange Act of 1934 provides to fiduciaries who receive all forms of investment research. The leading members of the Alliance in Support of Independent Research ("Alliance") include the following broker-dealers:

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**RELEASE**

Our members are involved in a significant portion of the arrangements under which fiduciaries such as mutual fund managers, investment advisers, banks and other fiduciaries are provided with independent research services and products for the benefit of their managed accounts.

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