



January 11, 2011

To all Investment Company Executive and Compliance Officers –

You have, no doubt, been closely following the evolving insider trading case. As the trade association for over 90 independent research firms, we at the Investorside Research Association have also been following the investigations. While we certainly cannot comment on the cases themselves, we unequivocally condemn insider trading or the sharing of material non-public information and believe that illicit behavior should be punished to the full extent of the law.

At the same time, we strongly believe, that independent research plays a critical and valuable role in the capital markets. Our organization was founded in 2002, on the heels of the Internet bubble and corporate scandals, with a mission of restoring trust and investor confidence in the capital markets by promoting investment research that is free from conflicts (investment banking or otherwise) and that is aligned with investor interests – investors like yourselves and your clients.

As you well know, the public markets greatly benefit from multiple viewpoints and independent perspectives as evidenced by numerous academic studies and the independent research industry's proven track record of consistently identifying risks and opportunities. In the past 20 years, nearly every corporate fraud and systemic risk has been first uncovered by independent research firms vs. the traditional sell-side or the regulatory community. Our membership represents a significant and diverse cross-section of the independent research industry providing a range of services including: traditional fundamental research, fixed income research, technical research, expert networks, channel checking, market data, macro-economic research – as well as numerous providers with a specialized sector or domain expertise (forensic accounting, behavioral research, etc).

Your analysts, portfolio managers and traders probably rely on many of our members in forming their “mosaics” to make well-informed investment and trading decisions. Without such a diverse set of viewpoints, investors are left to rely purely on company statements and management commentary, which history has proven is often biased, not always forthright, and sometimes inaccurate or incomplete.

Although our organization does not monitor the compliance processes of our member firms, to the extent that the investigations may have heightened your sensitivity to issues involving the use of independent research, we are available to discuss the best practices followed by many of our members as well as any issues or concerns you may have regarding the use of independent research as part of your investment decision-making. We encourage you to learn more about Investorside, our certification process and our membership at [www.investorside.org](http://www.investorside.org). Thank you for your consideration, and please do not hesitate to contact us if you have any questions or if you need any additional information or assistance.

With best regards on behalf of our 90 members,

Patrick Shea, Executive Director  
Investorside Research Association

Richard Leggett, Chairman  
Investorside Research Association