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TO: Public Comment File No. S7-27-03

FROM: Penelope W. Saltzman *PKS*
Office of Regulatory Policy
Division of Investment Management

DATE: June 4, 2004

On May 27, 2004, representatives of the American Benefits Council, Charles Schwab & Co., Inc., Mass Mutual Financial Group, Hewitt Associates, SunGard Data Systems, Inc., JP Morgan, Automatic Data Processing, and the Profit Sharing 401(k) Council of America met with staff members of the U.S. Securities and Exchange Commission to discuss issues relating to the Commission's proposed rule amendments concerning the pricing of investment company shares in Investment Company Act Release No. 26288 (Dec. 11, 2003) ("Late Trading Proposal"). The following Commission staff members attended the meeting: Paul Roye, Director; Robert Plaze, Associate Director; and Penelope Saltzman, Branch Chief, Division of Investment Management.

The representatives discussed administrative arrangements used by many third party retirement plan administrators and recordkeepers, and the transfer of information among those administrators and recordkeepers. The representatives suggested technology for third party retirement plan intermediaries that are not registered with the Commission and that use a host system. The technology is designed to limit the potential for circumventing policies and procedures to ensure the integrity of trade information submitted to retirement plan intermediaries registered with the Commission ("registered intermediary"). The technology involves the use of an unalterable time stamp, hash code, and security token that reflects the sequential history of the trade information transferred. This security token, which would be imbedded in the record of trade information, could be run through an interface that would provide independent verification of the integrity of the trade information and reject altered information before the trade information could be accepted by the registered intermediary. The representatives said they would provide a written description of this technology for the comment file.

