November 5, 2010

Ms. Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: *Proposed Rule on Mutual Fund Distribution Fee & Confirmations File No S7-15-10*

Dear Ms. Murphy:

As a registered representative of an independent broker-dealer and CFP® professional for more than twenty years, I welcome the opportunity to comment on the proposed new rule on mutual fund distribution fees and confirmations.

I am very pleased that the Securities and Exchange Commission agreed with my comments in July of 2007 and with the hundreds of other comments submitted suggesting very strongly that 12b-1 fees for mutual funds should be continued. These fees provide financial professionals with the financial resources to provide ongoing services and support, including incidental investment advice, long after the initial commission has been received.

It is my understanding that the proposed new Rule 12b-2 would permit ongoing investor servicing fees based on assets of up to 0.25% for the same purpose as they are currently charged with 12b-1 fees. The new 12b-2 rule being proposed limits the length of time additional "asset-based charges" could be received; replacing the current arrangement of shareholders paying asset-based charges through the fund for as long as they own the fund. I **support the proposal** because my clients receive a valuable "ongoing service and support, including incidental investment advice", for a very low annual cost.

I believe capping mutual fund "C" shares asset-based sales charges may have serious unintended consequences for mutual fund shareholders and variable annuity contract owners. **I oppose this proposal**. It seems reasonable to believe that when "C" shares reach the maximum time limit, advisers may turn to churning the account to a different fund family or to a life insurance company offering a different variable annuity contract. In addition, I believe some financial professionals will suggest that the shareholder's assets be shifted to an asset managed fee based investment program. In general, asset managed accounts frequently have a higher annual fee than many mutual funds with a sales load. In essence, if churning and/or a shift to asset managed accounts occurs for a great number of "C" class shareholders, the SEC's stated long term goal of "protecting investors by limiting fund sales charges" would not be achieved and could end up costing many shareholders more over the long term.

In addition, if the mutual fund shareholder is shifted to a fee based asset managed program, the investor may lose paying for the "ongoing services and support, including incidental investment advice" with pre-tax dollars, as they are automatically deducted out of the fund's return. If an investor is charged a separate fee outside of fund expenses, the fees are likely to be paid in after tax dollars as the fee expenses are typically not a deductible expense for most taxpayers.

Given that the SEC is actively working on a large number of initiatives that have been prompted by the Dodd-Frank Wall Street Reform and Consumer Protection Act that could have an impact on the proposed 12b-2 rule changes and should the SEC adopt in the near future the investment adviser fiduciary standard to registered representatives of independent broker/dealers, conflicts of interest would have to be fairly disclosed. It would seem reasonable to **delay implementing the proposed 12b-2 new rules** until the other changes that are likely to be implemented by the SEC are in effect and given some time to be evaluated in the marketplace.

My second concern is the change in Rule 10b-10 from the Securities and Exchange Act of 1934 for mutual fund confirmation statements. In July of 2007 I (and many investment professionals) supported increased disclosure of 12b-1 fees. Specifically, tell investors what 12b-1 fees actually provide for "marketing and services" or "ongoing sales charges". However, I am concerned with the disclosure coming after the fact. I believe new fee disclosure details should be made before my client makes the purchase. I am thus **opposed to the extensive additional disclosure of fee information on the purchase confirmation statement**, as it is too late for my clients to make an informed decision relative to the proposed mutual fund purchase. The mutual fund prospectus and summary prospectus are the more appropriate places for such disclosure in the proper context with other factors to consider before an investor makes a purchase.

My third concern is the proposed 12b-2 rule that offers broker/dealers the option of establishing their own sales charges. The new mutual fund share class would be offered by the fund firm at Net Asset Value (NAV). **I oppose this option**. I believe this proposed rule change would eventually take us back to the early days of the securities business when the business model was based on transactions. This change would represent a shift away from the current independent registered rep business model based on long term relationships. I believe permitting broker/dealers to sell mutual fund shares at NAV and setting the sales commission, it would gradually eliminate over time the financial incentive to provide "ongoing services and support", "including incidental investment advice" to the middle income mutual fund investor. Over time as sales loads gradually get compressed by broker/dealer firms seeking market share, it may become increasingly difficult for a significant number of middle income investors to continue to obtain access to valuable individual support and ongoing services currently being offered by the financial professionals that have served this segment of the market very well for the past 30 years.

Conclusion

My professional colleagues that serve millions of middle income shareholders are very concerned the proposed changes in the way 12b-1 fees are paid out will have serious unintended consequences for our middle income, "Main Street American" clients. I am pleased the SEC agreed that 12b-1 fees should be continued and disclosed for what they have evolved to today; namely, "ongoing services and support", and "incidental investment advice", long after the initial mutual fund or variable annuity commission was received.

Thank you for your consideration of my comments. Should you have any questions, please contact me at 402-465-5678.

Respectfully submitted,

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