

Friday, February 20, 2004

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

(Submitted in triplicate)

Proposed Rule:

Confirmation Requirements and Point of Sale Disclosure Requirements for Transactions in Certain Mutual Funds and Other Securities, and Other Confirmation Requirement Amendments, and Amendments to the Registration Form for Mutual Funds

Securities and Exchange Commission

17 CFR Parts 239, 240 and 274

Release Nos. 33-8358; 34-49148; IC-26341; File No. S7-06-04

RIN 3235-A J11; 3235-A J12; 3235-A J13; 3235-A 514

Part 1: an article from Business Week that I think merits inclusion in this discussion.

How To Crack Down On Mutual-Fund Fees

by Amy Borrus and Paula Dwyer -Business Week Magazine, January 14,2004

Part 2: My individual comments follow:

Mutual Fund fee disclosure is extremely critical to maintaining honesty and integrity in the financial system in addition to being a critical element to efficient stock market operation. Fee information must be prominently available to investors in easy to understand ways at communicated at all important transaction touch points. The SEC example of oral and written disclosure is an important first step because at the time I purchased a "load fund" I didn't know it was a load fund or what a load fund meant.

Unfortunately, the SEC disclosure examples fail the easy to understand communication test. More fund definition is needed and a singular column, "balance sheet" example would probably communicate expenses more clearly than the format used in the proposed rule change example.

This SEC disclosure proposal is "modest" by investor standards albeit "radical" by Wall Street fund standards. The current SEC proposal does not go far enough as mutual fund fees must be further communicated not only at the 'point of sale" but on the investor's monthly brokerage statement as the costs are charged / incurred. Without such fee disclosure, it is also not possible to make an informed investment decision.

At the end of every year, an investor should be able to open the brokerage statement and review the funds' annual performance. The investor should be able to see fund performance:

Prior to fee expenses,

Subsequent to fee expenses incurred and the performance effect of those fees,

Moreover, see a fund's performance measurement, on a pre and post tax basis stated in both a currency and percentage formats.

This type of fee disclosure would help investors with the window dressing that many funds typically engage in when they report holdings.

Personally, I have investments in several funds all within the same fund family. One of the fund's representatives told me the fund can report -in dollar and cents / "to the penny" -exactly what my annual costs are just by typing in my account number. It's not a big deal. Let me repeat that as I must "shout" over the "donor classes" that feel disclosure is "burdensome,"- it's not a big deal. It's a no-brainer.....duh!!! My fund, however, does not report the charges in "dollars and cents," because the account is with a broker and because the fund prefers not to disclose it for their own business purposes.

Currently, I must settle for a vague disclosure statement, buried somewhere within a fund statement, that the fund uses an expense disclosure formula which conforms to SEC reporting standards. I think of this form of disclosure as underwhelming tokenism.

Thank you very much for this opportunity and invitation to comment.

Roger J. McLaughlin