



CITY OF GARDEN GROVE

Bruce A. Broadwater
Mayor

Van T. Tran
Mayor Pro Tempore

William J. Dalton
Councilman

Mark Leyes
Councilman

Mark Rosen
Councilman

REC
ES 105658
2004 FEB 18 11:13

(714) 741-5008

January 26, 2004

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S7-27-03

Mr. William H. Donaldson, Chairman
Security and Exchange Commission
450 Fight Street NW
Washington D.C. 20549

SUBJECT: HARD CLOSE RULE

Dear Mr. Donaldson:

I have served as the Chair of the City's Deferred Compensation Committee (457) for the past 15 years. We encourage your efforts of adopting a uniform definition of "market timing" because our plan uses over 20 investment options from a number of different mutual fund companies. Without this common definition of "market timing", our plan participants would face confusion over which "definition" applies to which one of the 20 plus plans in their 457 investment plan.

However, the imposition of your "definition" of a "hard close" would have a negative impact on the hundreds of small investors in our program. Our record keepers have rigidly enforced the 4:00 PM Eastern Time close for same-day trading orders and settle these trades in the hours following the market close. These are small investors, who for a limited administrative fee have been able to at least trade daily at the price as of 4:00 PM market close. We believe your proposal of a "hard-close" would impose a negative factor upon our plan participants by requiring them to have another day lag in their goal of selling and buying shares within the mutual funds being offered in our program.

We encourage you to continue to allow same-day trading for order placed before 4:00 PM and at the close of market price that has occurred for many years. To change that portion of the rules would negatively impact the small investors in many group plans.

If you have any questions, please contact me.

Sincerely,


STEVEN A. LARSON
Chair - City of Garden Grove Deferred Compensation Plan

