

Congress of the United States  
Washington, DC 20515

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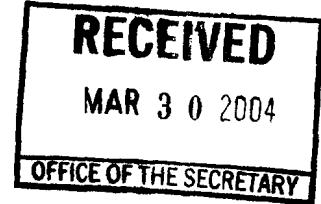
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March 22, 2004

OFFICE OF THE  
CHAIRMAN

The Honorable William Donaldson  
Chairman  
Securities and Exchange Commission  
450 Fifth Street, N.W., Room 6100  
Washington, D.C. 20549-0100



Dear Mr. Chairman:

We believe that additional measures should be taken to prevent "late trading" in mutual funds - a practice that violates current SEC rules, unfairly advantages some mutual fund investors over other investors, and erodes confidence in a major sector of the financial markets.

However, the SEC's proposed amendments to rule 22c-1, which would deny same-day pricing to mutual fund trade orders that are not received by the fund, the fund's primary transfer agent, or a registered clearing agency by 4 PM Eastern Time, would continue to favor certain investors over others, and could, therefore fail to restore investor confidence in mutual funds.

Specifically, under the proposed amendment, investors who trade directly with primary transfer agents will have an advantage over retirement plan participants, whose trades typically are effected through plan administrators or intermediaries. The SEC's discussion of the proposed rule appears to assume that investors who are concerned about same day pricing "tend to be short-term traders or market-timers," and that same day pricing is therefore not important to retirement plan participants. We disagree. While retirement plan participants are long-term investors, they make specific investment decisions at a particular point in time just like anyone else. Retirement plan participants deserve to have their transactions completed within the same time frame as other investors, and retirement plans across the country have invested considerable time and resources in meeting the needs of plan participants by providing them with daily valuations and same day pricing.

Moreover, the proposed rule will hinder competition for retirement plan assets by favoring bundled arrangements offered by mutual fund families over diversified fund options. The amendments also will unwisely bias participants' investment choices toward the proprietary funds of the service provider. These biases are not imposed on investors outside the retirement plan context.

As Members dedicated to improving our nation's retirement plan system, we believe a better option that should be considered would be to continue to allow later processing of orders by plan intermediaries when the intermediary has imposed procedures that prevent the

acceptance or canceling of trades after the fund closing time and subjects those procedures to an independent annual audit, as described in section 205(b) of H.R. 2420 (approved by the House of Representatives on November 19, 2003, by a vote of 418-2) and section 306 of S. 1971.

Please contact us if you need additional information.

Sincerely,



Rep. Rob Portman



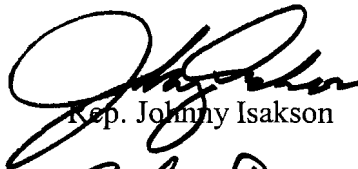
Rep. Judy Biggert



Rep. Sam Johnson



Rep. Jim Ramstad



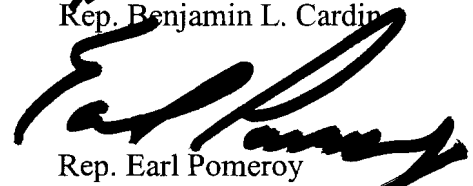
Rep. Johnny Isakson



Rep. Edward R. Royce



Rep. Benjamin L. Cardin



Rep. Earl Pomeroy



Rep. Robert E. Andrews



Rep. Dennis Moore



Rep. Artur Davis

cc: Commissioner Paul S. Atkins  
Commissioner Roel C. Campos  
Commissioner Cynthia A. Glassman  
Commissioner Harvey J. Goldschmid  
The Honorable Anne Combs, Assistant Secretary of Labor, Employee Benefits Security Administration