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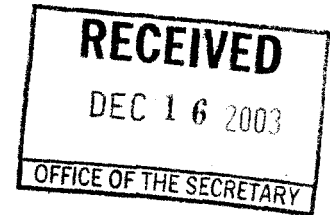
ABRAHAM LACKMAN

S7-27-03

#7

November 5, 2003

The Honorable William H. Donaldson
Chairman
U.S. Securities and Exchange Commission
Washington, DC 20549



Dear Chairman Donaldson:

We are writing on behalf of 153,000 participants in the New York State Deferred Compensation Plan (the "Plan") to communicate our thoughts regarding standards for excessive trading with the knowledge that the Securities and Exchange Commission (the "Commission") will consider rulemaking initiatives pertaining to these and other abuses in November.

As overseers of a Section 457 plan that holds 57% of participant assets in mutual funds that are managed by sixteen regulated firms, we are grateful to the Commission and to the New York State Attorney General for the investigations you are undertaking. Notwithstanding the troubling findings, we are confident that the investigations will result in better business practices, fewer abuses and a stronger system for Plan participants to invest in for retirement.

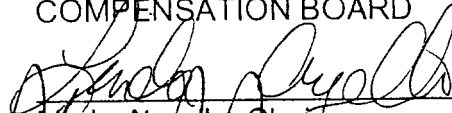
With respect to market timing, we believe that, in addition to being hampered by variations in enforcement and disclosure that the Commission will no doubt address, retirement plans' efforts to eliminate this activity have been thwarted by the absence of a uniform definition of excessive trading. Actions the Plan has taken to eliminate excessive trading, including the imposition of progressively tighter restrictions on non-U.S. equity funds, repeated warning letters to excessive traders, and, most recently, offering to work with investment managers to place restrictions on accounts of excessive traders, have been partially effective and cumbersome due, in part, to the absence of a reliable standard.

As the Commission is aware, many investment managers employ different quantifiable definitions for **excessive trading**, **even when** managing the same asset classes in identical styles. These variations create administrative and communications challenges for third party administrators and plan sponsors who might otherwise be able to effectively enforce prospectus rules.

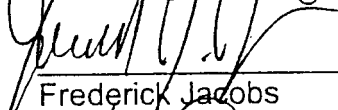
We are confident that the Commission will arrive at solutions to reinforce the faith participants have placed in the U.S. financial system. Thank you for considering our thoughts.

Sincerely,

THE NEW YORK STATE DEFERRED
COMPENSATION BOARD



Linda Angello, Chair



Frederick Jacobs



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cc: Julian Regan, Executive Director, New York State Deferred Compensation Plan