

May 4, 2005



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

Re: File # S7-06-04

Dear Mr. Katz:

As a financial services professional who does financial planning and estate planning, I use insurance and variable products.

This letter is in response to the new disclosure requirements contained in the SEC proposal regarding the sale of mutual funds and variable products. These proposed regulations are unnecessary and will provide no additional protection to consumers. This appears to be just an additional level of regulations by a bureaucracy to try and protect consumers.

The equity based products that we use in planning mutual funds and variable annuities have prospectuses that are given to each customer. The prospectuses are reviewed by the SEC and they do disclose fees, risks and expenses associated with the purchase of these products. It is my understanding that as recently as 2002, the SEC took steps to simplify contents of prospectuses to make it more easily read by the consumer. Any additional disclosure requirements that are to be provided to the customer should be done in the prospectus of the mutual funds and variable annuity products and not add an additional one page document disclosing fees and expenses that are already exposed in the prospectus for the financial services professional to have to get signed.

It appears that the SEC is more concerned with a consumer focusing his attention on investment costs than in the investment performance of a quality mutual fund or variable annuity. It is certainly evident when we look at some of the mutual funds that are supposedly "no load" compared to the performance of some of the fully loaded funds that many of them substantially under perform the loaded funds.

For these reason, as I understand them, I urge the NASD to withdraw the proposed rule.

Thank you for taking the time to read my concerns and for your consideration of my views in this matter.

Respectfully,

A handwritten signature in black ink, appearing to read "Larry C. Clayton". The signature is fluid and cursive.

Larry C. Clayton, CLU  
Chartered Financial Consultant

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