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**Edward Jones**<sup>®</sup>

June 15, 2007

The Honorable Christopher Cox  
Chairman, U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

RE: File Number 4-539

Dear Chairman Cox,

I would like to begin this letter by commending your effort to evaluate the present state of Rule 12b-1, and by thanking you for the opportunity to be heard on the subject of Rule 12b-1 fees. This is an issue of grave importance to the investing public, to Edward Jones, and to me.

We at Edward Jones welcome additional transparency in the form of disclosures that would supplement Rule 12b-1 disclosures as they currently exist in the prospectus, or are otherwise disclosed. We agree that a review of the role of the mutual fund directors in connection with Rule 12b-1 fees is also in order. At the same time, however, we caution against implementing change simply for change's sake.

As you know, the purpose of Rule 12b-1 is to permit mutual funds to use their assets to pay for distribution, so long as the fees are disclosed to shareholders and scrutinized by the mutual funds' boards of directors. The payment of these fees to the distribution arm (i.e. broker-dealers) has been a very effective tool. While the original expectation may have been that advertising and marketing expenses would take up the bulk of the Rule 12b-1 fees, over time the use of 12b-1 fees evolved. Today 12b-1 fees are used in a variety of ways, including payment of sales loads and/or payment to intermediaries for selling shares or servicing accounts. We believe these evolutionary changes fit well within the purpose of the rule, and they have been subject to careful SEC oversight. NASD rules also limit the fees.

In many instances, these fees accompany the array of share classes that have evolved. At Edward Jones, Rule 12b-1 fees are used to compensate Jones and its Financial Advisors for the service provided to fund investors. Rule 12b-1 fees add incentives for individual investors to adhere to a buy-and-hold philosophy, a philosophy that is consistent with the investment nature of mutual funds. Here at Edward Jones,

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Rule 12b-1 fees are primarily associated with Class A shares, which is where we conduct the majority of our business. Class A shares comprise approximately 93% of our total mutual fund sales; B shares represent 3%; and C shares represent 2% of sales. The remaining 2% of our mutual fund business is in institutional and retirement class shares. The large presence of A shares is not surprising, given our focus on serving the serious long-term individual investor. In fact, the average holding period for mutual funds in our clients' accounts is in excess of 10 years, while the industry average is closer to five years. Thus for Edward Jones, the .25% annual Rule 12b-1 fee, which we share with our Financial Advisors, complements the sale of A shares to the serious, long-term individual investor. These fees represent a meaningful amount of our revenue.

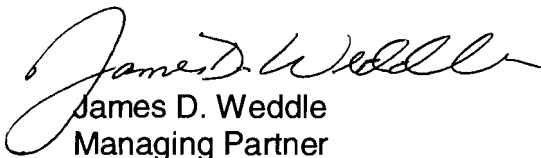
It is apparent to us that the intent of 12b-1 fees was to enhance the distribution of mutual funds shares while stemming the tide of net redemptions. That has been accomplished with great success.

In addition, Rule 12b-1 fees have fostered more investor choices, allowing investors who prefer to invest in A shares to pay a lower initial load, combined with a 12b-1 fee. Eliminating Rule 12b-1 fees would limit choices; and in all likelihood would lead to higher initial loads on A shares. It would also make other distribution arrangements problematic. For example, repealing Rule 12b-1 would effectively end B shares. While we sell very few B shares at Edward Jones, I do not see how it is helpful to limit investors' choices.

Therefore, I respectfully submit that after the SEC's careful consideration and review, this annual fee should be held intact. I hope your deliberations will place significant emphasis on the negative impacts that would result for investors, for the market, and for the distribution arm of the financial industry from the demise of Rule 12b-1 fees. Lastly, I respectfully suggest that if the Commission wishes to make changes to Rule 12b-1, it should do so in the context of improving overall disclosure to mutual fund investors.

Thank you for consideration of our views. Edward Jones and I stand ready to work with you, your fellow commissioners, and with the staff to address this important issue.

Sincerely,

  
James D. Weddle  
Managing Partner