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July 19, 2007

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: SEC Request for Comments Regarding Rule 12b-1 (File No. 4-538)

Dear Ms. Morris:

The Investment Company Institute¹ is pleased to submit comments in connection with the Securities and Exchange Commission's review of Rule 12b-1 under the Investment Company Act of 1940.² Periodic reassessment of longstanding rules and regulations is good regulatory policy and we commend the SEC for carefully considering whether any changes to Rule 12b-1 are necessary.

Mutual funds currently have over \$11 trillion in assets on behalf of more than 90 million shareholders with nearly 290 million accounts. They play a particularly important role in helping millions of Americans prepare for a financially secure retirement. Rule 12b-1 is an integral part of the structure and success of the mutual fund industry. The rule and its associated fees allow investors the option of paying distribution costs over time, give investors access to funds that otherwise might not be available to them, and compensate financial intermediaries, on whom so many fund investors depend.

Recognizing these important contributions to the vitality of mutual funds, the Institute supports retaining the basic framework of Rule 12b-1. Any regulatory changes should be limited instead to those that refine or enhance the rule, such as changes that would clarify the role of the board

¹ The Investment Company Institute is the national association of U.S. investment companies. More information about the Institute is included at the end of this letter.

² On June 19, 2007, the SEC held a roundtable ("Roundtable") on Rule 12b-1 that addressed the history of the rule, the current uses of 12b-1 fees, the costs and benefits of 12b-1 plans, and the options for reform or rescission of the rule. In connection with the press release announcing the panelists and final agenda for the Roundtable, the SEC encouraged all interested persons to comment on the topics discussed at the Roundtable and on any other issue relating to the use of fund assets to pay for the sale of fund shares. The press release can be found on the SEC's website at <http://sec.gov/news/press/2007/2007-112.htm>.

**12b-1 Fees Paid by Mutual Funds
2006**

	Net Assets (year end)	Net New Cash Flow (billions of dollars)	Total 12b-1 Fees	12b-1 Fees		
				Asset-Weighted Average	Simple Average	Median
				(basis points)		
All Mutual Funds	10,414	474	14.2	16	38	25
Long-Term Funds	6,835	203	11.8	17	41	25
Front-end Load ¹	2,034	51	4.9	24	24	25
Back-end Load ²	250	-49	2.4	96	93	100
Level Load ³	350	22	3.3	93	91	100
Other Load ⁴	77	12	0.4	50	51	50
No-Load ⁵	4,124	166	0.8	2	4	0
Variable Annuities ⁶	1,267	30	1.1	15	21	25
Money Market ⁷	2,312	241	1.3	13	33	25

¹ Front load > 1 percent. Primarily includes Class A shares; includes sales where front loads are waived.

² Front load = 0 percent and CDSL > 2 percent. Primarily includes Class B shares.

³ Front load ≤ 1 percent, CDSL ≤ 2 percent, and 12b-1 fees > 0.25 percent. Primarily includes Class C shares; excludes institutional share classes.

⁴ All other load share classes not classified as front load, back-end load, or level load. Primarily includes retirement share classes (R shares).

⁵ Front load = 0 percent, CDSL = 0 percent, and 12b-1 fees ≤ 0.25 percent.

⁶ Includes variable annuity money market funds.

⁷ Excludes variable annuities.

Note: Components may not add to total because of rounding.

Sources: Investment Company Institute; Lipper; and Strategic Insight Simfund

