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October 27th, 2010

Elizabeth M. Murphy, Secretary
Securities & Exchange Commission
100 F Street, NW
Washington, DC 20549-1090

Mark G. Derby
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Attn: File Number S7-15-10

I've been a licensed insurance professional since 1985 and a registered representative since 2001. I'm writing in support of the new SEC rule 12b-2 in describing A / B / C share asset based compensation as "marketing & service fees" instead of 12b-1 fees, as that is exactly what those fees represent. Calling 12b-2 expenses an "ongoing sales charge" might give the public the impression that moving money between funds could cost more, which would discourage the public from using the NAV transfer to change their risk profile at their discretion, which would not be a good thing for the consumer.

What I don't understand is why we would have mutual fund companies issue a new NAV class of shares without the new 12b-2 fee. While we are trying to create an atmosphere of competition when it comes to fees & expenses, what you end up with is the unintended consequence of smaller accounts paying a higher percentage of assets and larger accounts paying a lower percentage, or worse yet a lower level fee and we abandon small accounts entirely. If Broker Dealers (BD's) have the ability to use this variability, instead of the standard set by a set marketing & servicing fee, you've created the ability to have a more confusing investment landscape without accomplishing anything. The consumer can already self direct with no 12b-1 or 12b-2 with many fund companies, and buy A shares at NAV on wrap accounts through Registered Investment Advisors (RIA's) that reduce their fees by back end compensation received, or using Exchange Traded Funds (ETF's) & no-loads to go fee based entirely.

The net result of the proposed new NAV class of shares without 12b-2 compensation could benefit the rich, and drive everyone else to the internet and online brokerage houses, while eliminating the expertise and service of the local registered representative. The list of unintended negative consequences for the little guy is long, and the list of potential benefits is very short. I believe we are trying to fix something that isn't broken, as the consumer already has the ability to load / no load / ETF / etc. I can see the online brokers and others rejoicing for this type of move on the part of the SEC, as it would drive business to their door and away from ours. It's not broken, please don't fix it.

Sincerely,

Mark G. Derby, 099064
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