

Donald W. Glazer


October 1, 2008

Filed Electronically

Ms. Florence E. Harmon, Acting Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E
Washington, D.C. 20549-1090

Re: Release Nos. 34-58264; IC-28345; IA-2763, File No. S7-22-08;
Commission Guidance Regarding the Duties and Responsibilities
of Investment Company Boards with Respect to Investment Adviser
Portfolio Trading Practices (the "Proposed Guidance")

Dear Ms. Harmon:

I am writing in response to the request of the Securities and Exchange Commission (the "Commission") for comments on the Commission's proposed guidance to boards of directors of registered investment companies to assist them in fulfilling their fiduciary duties with respect to overseeing the trading of investment company portfolio securities. In particular, I wish to respond to the Commission's request for comments on its proposed guidance to boards with regard to information that they should consider and approaches or analyses they should employ when reviewing an adviser's use of soft dollars.

I agree with the Commission that brokerage is an asset of a fund and that a fund's board should monitor an adviser's practices with respect to the use of fund brokerage. However, for the reasons discussed below, I also believe that the Proposed Guidance could be improved by emphasizing that each fund board should have discretion to determine the appropriate level of monitoring in light of the particular circumstances of the funds overseen by the board.

As the Commission has recognized, practices within the industry in the use of fund brokerage vary widely. Some advisers place considerable value on the soft dollar services they receive from brokers and deem it appropriate to "pay up" to receive such services. Other advisers seek best execution without regard to the value of soft dollar services and receive soft dollar services only as an ancillary matter, with no or minimal effect on their selection of a broker to execute a particular trade or on the commission they negotiate. Some soft dollar services received by advisers may require additional out-of-pocket expenditures by brokers and are, therefore, more likely to lead to an increase in commission rates. Other soft dollar services received by advisers do not result in material incremental costs to a broker (such as receipt of proprietary research reports the broker provides clients generally) and, therefore, are less likely

to cause the broker to seek increased commissions. In light of the variety of fund brokerage practices, the range of soft dollar services that brokers provide and the potentially differing impact of each on brokerage commissions, the risk to a fund from an adviser's conflicts of interest and the potential consequences to a fund are very much dependent on particular circumstances.

I believe fund boards have a responsibility (i) to understand the brokerage practices of the adviser for the funds overseen by the board, (ii) to assess the potential conflicts of interest to the fund, if any, that may arise under the circumstances (understanding, as suggested above, that certain practices may give rise to more serious conflicts than others), and then (iii) to determine the appropriate degree of scrutiny that the board should exercise. The extent and nature of the board's inquiry should vary according to the funds' policy and adviser's practices with respect to best execution and use of soft dollars. While portions of the Proposed Guidance acknowledge the appropriateness of fund boards making determinations based on their funds' particular circumstances, other portions of the Proposed Guidance are less flexible in their description of board responsibilities.

I do not believe that every fund board should be expected to take the same approach in this area, and I am concerned that prescriptive direction from the Commission may cause boards to feel restricted in their exercise of business judgment. Accordingly, I respectfully request that the Commission emphasize throughout its guidance that a fund board has responsibility for determining the appropriate degree of scrutiny to apply when reviewing advisers' brokerage practices and that greater or lesser scrutiny may be appropriate in light of the circumstances of the particular funds overseen by the board. In that regard, I urge that the final guidance make clear that the Commission's suggestions may not be applicable or relevant in all instances.

I appreciate the opportunity to comment on the Proposed Guidance. Please note that, although I am Chairman and an independent director of a registered investment company, I am writing this letter not on behalf of that company, but in my individual capacity.

Sincerely,

/s/ Donald W. Glazer