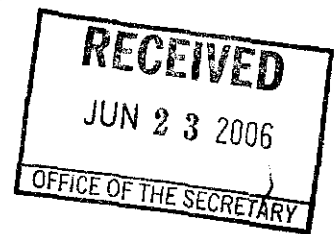


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June 19, 2006

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Dear Ms. Morris:

This comment letter responds to the Commission's request for additional comment on the costs and the promotion of "efficiency, competition and capital formation" of the proposed rule on mutual fund governance.

Reexamining the Commission's original release adopting the rule, I believe that the Commission adequately analyzed these two issues. It is obviously too late to question the decision of the Court of Appeals but it is relevant to say that further comments will add little to the basis for adopting the rule.

On the cost issue, funds should, in restructuring their boards, take a route that minimizes the cost impact upon shareholders. The major cost impact will come in compensating the independent chairman and the assistance required to exercise the responsibilities of independence. It is not simple to estimate these costs since they will vary primarily by the size of the fund complex. The Commission staff should research the costs incurred by the many boards that have restructured to conform to the proposed rule. I assume that independent boards will make every effort to control these costs since they directly impact fund shareholders.

The second issue on whether the proposal will promote "efficiency, competition and capital formation" is more difficult to analyze. By compelling the independent board to focus on the advisory contract and on compliance, the proposed rule will improve the efficiency of fund operations. This focus should foster greater investor confidence in the mutual fund industry and, specifically, in the marketing of mutual funds.

I have one final comment. My sense is that the Court of Appeals appeared to be offended by the undue haste in adopting the rule. The Commission is now paying the price for that exercise. However, that fact should not deter the Commission after this request for additional comment from adopting the rule as originally proposed.

Sincerely,

A handwritten signature in cursive script, appearing to read "William S. Glavin". The signature is written in dark ink and is positioned to the right of the typed name "Sincerely,".

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549