



April 4, 2005

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

File Number S7-06-04

By E-mail

Dear Mr. Katz:

I would like to offer comments on behalf of Carillon Investments, an insurance company affiliated broker-dealer, regarding the Commission's Proposal for Point of Sale Disclosure Requirements and Confirmation Requirements for Transactions in Mutual Funds, College Savings Plans, and Certain Other Securities, and Amendments to the Registration Form for Mutual Funds.

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One may wonder why I simply did not cite the Commission's "File Number" rather than type the entire title of the proposal, but that "exercise" helps accentuate and causes one to seriously focus on the possible far-reaching consequences of this proposal for the investing public, the broker-dealer industry (wire-houses, independent broker-dealers and insurance-affiliated broker-dealers), mutual fund companies and insurance companies.

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Can anything good come out of a Proposal that tries to cover so much ground? One can only wonder. I highly recommend for the Commission to carefully review each and every question, comment, suggestion and potential consequence presented in its ninety plus page proposal. You took ample time to generate and draft every one of these questions – please consider allowing even greater time and resources to determine every possible answer for them, considering the impact to the investing public, the broker-dealer community and the product issuers.

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General Comments

While we support disclosures that clarify the costs of owning investments as well as the potential conflicts of interests associated with the sales and distributions of investment products, we are also concerned by the ultimate effect of these disclosures on investors. The new confirmations and point of sales disclosure documents can provide useful, additional information to investors. However, as acknowledged by the SEC, the costs of this proposal will be astronomical to broker-dealers offering the products affected by the proposal.

These increased costs would undoubtedly discourage broker-dealers from offering as

many investment options as they do today and, at the same time, cause them to raise their fees. This would impact the small investor harder.

We also believe that the proposed Point of Sale disclosure would cause a large number of established and qualified representatives to shift their business to a managed account model as Investment Adviser Representatives, populating these accounts with no-load funds. This will furthermore be detrimental to small investors who do not have sufficient assets to participate in such accounts as well as increase long-term costs to clients.

Mr. Seth E. Lipner, Professor of Law, Baruch College has expressed another important aspect of additional disclosures in a comment letter to this same proposal. He writes: “To most inexperienced investors, disclosures are the meaningless boilerplate the government requires.” We agree with this statement.

One cannot ignore the cost for developing the disclosure documents and making them available to representatives. The Commission cannot ignore that many representatives conduct sales at places other than their office and, when in a client’s house or office, they will not have access to equipment to print the disclosures nor will they be able to have disclosures for all the funds they offer.

The proposed changes to confirmations would represent an enormous cost to the industry. These higher costs would be passed on to investors by the mutual funds and clearing houses.

There appears to be a troubling sentiment or bias among securities regulatory organizations equating “cheapest” with “best”. The dominating idea for the Point of Sale documents appears to be “cost” to the client. That information is already available in the prospectus. The Commission may want to consider revisions to disclosures in the prospectus, making it more “investor friendly”. A large portion of the disclosures contained in the Point of Sale documents could be incorporated in the prospectus – perhaps as the first page, the inside cover or the back cover page. It could also change the requirement for prospectus delivery from the time of confirmation to the Point of Sale time.

The majority of comment letters to this proposal on the SEC website and received from public investors express a desire for more disclosures and the sentiment from the writers are that the additional disclosure would help them know the true costs of their investments. That information is already available to them in the prospectus, which they do not bother to review.

Variable Insurance Products

First, it is interesting to note that the proposal prepared by the Commission only dedicates four pages to addressing Point of Sale issues as they could directly impact variable insurance products. Similarly, only one page is dedicated to addressing Confirmation issues as they could directly impact variable insurance products.

Certain benefits of variable annuities are not included in the Point of Sale disclosure. Like advertising and sales materials, we believe the Point of Sale disclosure should be balanced – point out the benefits and the costs. For example, benefits such as penalty-free

withdrawals, step-up benefits and other secondary benefits should be also on the proposed disclosure.

The Conflicts of Interest language is difficult to apply in situations where both proprietary products and non-proprietary products are sold. The proprietary product can count towards providing employment-related benefits to representatives such as insurance or deferred-compensation retirement monies. On the other hand, the broker-dealer concession on non-proprietary products can be greater than for the proprietary product, but the broker-dealer's portion depends on the payout to the respective representatives, which vary depending on their agreement with the broker-dealer and the commission option chosen by the representative. The Representatives are not in a position to answer disclosure questions that can change product by product or depending on the representative.

The costs of reprogramming computer systems by product issuers to prepare and print the proposed confirmations would be astronomical. The information required is already available in the prospectus and in the policy or contract. Those costs would have to be passed on to the investor.

Insurance products offer a free-look period during which investors can opt out of the contract. In view of this feature, it may be more practical to offer the additional cost disclosure with delivery of the contract.

Summary

We fear that in the end, it will be the individual investor who will ultimately pay the added cost of implementing this proposal, either through increased fees or a limitation in the number of products offered. Investments already have too many confusing documents and the complexity of the proposal runs the risk of further confusing investors.

We urge the SEC to re-focus its efforts on incorporating important fee information into the prospectus and in turn, creating a more user-friendly prospectus that would better aid investors in their decision making process. This document should be user-friendly. This was previously proposed and accepted by the Commission; however, the majority of issuers declined to make use of the simplified prospectus format, placing their fear of legal ramifications ahead of providing clear and relevant information to the public.

There are many other reasons too numerous to mention here but I urge you to reconsider this proposal.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bernard A. Breton". The signature is written in a cursive, flowing style.

Bernard A. Breton
V.P. & Chief Compliance Officer