

MEMORANDUM

October 26, 2004

TO: File No. S7-06-04

FROM: David W. Blass
Office of Chief Counsel
Division of Market Regulation

RE: Confirmation Requirements and Point of Sale Disclosure Requirements for Transactions in Certain Mutual Funds and Other Securities – Release No. 34-49148

On September 29, 2004, Elizabeth Krentzman, General Counsel of the Investment Company Institute (“ICI”) and Amy Lancelotta, Senior Counsel of the ICI, met with the following members of the Commission staff: Annette Nazareth, Robert Colby, Paula Jenson, Joshua Kans, and David Blass of the Division of Market Regulation; Paul Roye, Douglas Scheidt, Elizabeth Osterman, Paul Cellupica, and Tara Royal of the Division of Investment Management; and Susan Wyderko, Lori Schock and Brian Mulford of the Office of Investor Education and Assistance.

In connection with the above-referenced rule proposal, Ms. Krentzman and Ms. Lancelotta reiterated certain of the comments made in the ICI’s comment letter dated April 12, 2004. They also presented an alternative sample point-of-sale disclosure document, in draft form, prepared by the ICI (attached hereto as Attachment A) and an alternative definition of the term “special compensation” (attached hereto as Attachment B).

APPENDIX C

Revised Version of Schedule 15D Reflecting
the Institute's Recommended Revisions

Name of Broker-Dealer

Security: American Funds - The Investment Company of America
Fund Class: - A
Ticker Symbol - AIVSX

Sales Fees

In connection with your investment in this fund, you will be charged a sales fee that will be determined based upon the amount you invest. [For example, if you invested [\$1,000][\$10,000] in this fund,] [Based upon your investment of \$x,] the sales fees you would pay would be as follows:

Front-end sales charge	\$ _____
Back-end sales charge	\$ _____
Estimated first year distribution or service (12b-1) fees*	\$ _____**

Potential Conflicts of Interest

We receive additional payments from the fund's affiliates (e.g., through revenue sharing).	Yes
Our personnel receive more for selling this fund than for selling other comparable funds.	No

*These fees are paid out of mutual fund assets to cover the costs of marketing, distribution, administration, and other services.

** The dollar amount of the fee, but not the percentage, will fluctuate based on the fund's NAV.

Please consider the investment objectives, risks, charges, and expenses of your investment before investing. [For this and other information on the investment, ask your broker-dealer how you can obtain [a free prospectus] [an offering document] that contains this information.

ASK BEFORE YOU BUY! This document contains information that your broker-dealer is required to provide you about potential transactions in certain investments. It tells you about the sales related cost associated with your investment and about the incentives your broker-dealer and its personnel have to sell you this investment. **YOU HAVE A RIGHT TO CONSIDER THE COSTS OF THE INVESTMENT AND YOUR BROKER-DEALER'S INCENTIVES BEFORE YOU DECIDE WHETHER TO MAKE THE INVESTMENT.**

SOME THINGS TO KNOW ABOUT SALES CHARGES: Many mutual fund companies offer sales charge discounts for investments over a certain level. Sometimes family or household holdings can count towards these discounts. To find out more, talk with your broker or financial advisor, or check the fund's prospectus or website.]

DRAFT

Proposed Definition of “Special Compensation” that would trigger affirmative disclosure on Schedule D under “Potential Conflicts of Interest” --

“Special compensation” means any cash compensation (as such term is defined by the rules of the NASD) that is more than the representative would receive for selling a comparable fund, which is defined to mean a fund with similar investment objectives. Two common examples of special compensation include: [(1) the receipt by the representative of higher commissions for selling this fund than for selling other comparable funds;] and (2) payment to a representative of a higher percentage of gross dealer concessions than that paid for selling other comparable funds.