

Keystone Capital Corporation
3511 Camino Del Rio South, Suite 301
San Diego, CA 92108
619-283-3550

April 12, 2004

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

Re: File Number S7-06-04

Dear Mr. Katz;

The following letter is written in response to your request for comment regarding the SEC Proposed Rules 15c2-2 (confirmation disclosures) and 15c2-3 (point of sale disclosures).

We recognize that the objective of the proposed rules appears to be pre-sale clarification of various complexities of a mutual fund purchase for the retail customer. We feel, however that the required disclosures provide for significant complexities in and of themselves, thereby resulting in more information without achieving the desired clarity of disclosure. For instance, forecasts of future hypothetical expenses are likely to be confusing and could even be misleading. Similarly, while disclosure of conflicts of interest can certainly be used by a customer to weigh investment decisions, disclosure of conflict of interest to the degree proposed by the SEC would be disproportionately expensive for broker/dealers to incorporate into a pre-sale disclosure piece, especially those firms under the control of a parent with multiple broker/dealers and investment advisers in the corporate family. In addition to these concerns, the disclosures required by the proposed rules appear to be repetitive as they are required in the prospectus, in the verbal or face-to-face presentation, and again in the point-of-sale disclosure. We question the likelihood of a customer's requiring three disclosures of the same nature in order to make an investment decision.

In fact, the SEC Rules 10b-10 and prospectus delivery requirements already address the concerns regarding clarification of sales information in a manner that we feel is quite adequate, as they require full disclosure of the various costs incurred at the point of sale. Additional data regarding the complexities of the cost structure may be indeed interesting to professionals in the industry, but are unlikely to be understood or to be material to decision-making on the part of the customer.

In some respects, the timing of the sales related activities may prevent the broker/dealer from providing accurate information. For instance, if the point-of-sale delivery as required by proposed Rule 12c2-3 is deemed to be required at the time of application, then the broker/dealer would not yet have all the information required to make the disclosure. Other timing issues involve the customer's right to terminate. The provision in proposed Rule

15c2-3 for a customer's right to terminate an order placed prior to disclosure does not state specifically how long the right to terminate remains in effect.

We are concerned that the proposed rules contain an open-ended obligation for the broker/dealer to disclose anything that is "important" without clarification or definition as to what may be "important" to the consumer or to the SEC. As noted above, we are confident that data required by existing Rule 10b-10 is adequate for disclosure of all important out-of-pocket customer costs. The definition of "important" becomes especially troublesome for us in view of the layers of reporting that might be required for firms with affiliated broker/dealers who may have nothing more in common than a parent company and who may lack access to "important" information regarding the affiliates.

We find that the proposed rules draw no distinction between retail customers, institutional investors, and professional investment managers, and that the disclosures would be required at each and every sale. Sophisticated investors, institutional investors and professional managers are unlikely to require the added layer of disclosure, and may in fact incur significant record-keeping requirements to track receipt of same.

The requirement for oral disclosure presents us with particular challenges. We are unsure of the manner in which a lengthy oral discussion of disclosures would be received by our customers, or how we would adequately supervise such delivery to ensure compliance with the proposed rules.

In summary, we feel that the proposed rules are too complex and lengthy to prove effective in addressing the objective for which they are drafted. We feel that the rules, if implemented, would create a significant burden on broker/dealers required to systematically implement disclosures, while failing to provide concise and meaningful data to potential investors. Ultimately, the cost of this disclosure is likely to be borne by investors. Furthermore we feel that in some respects the rules are flawed, such as in certain definitions and in the timing of delivery and termination rights.

We appreciate your review of these comments, and request that the proposed rules be amended or abandoned in consideration therewith.

Best regards,

Lisa Roth, President