

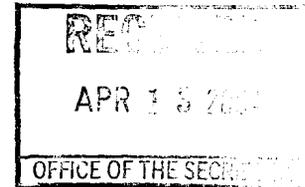


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April 8, 2004

57-06-04

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



Dear Mr. Katz

I would like to thank you for the opportunity to respond to the SEC Proposed Rules – New Point of Sale and Confirmation Disclosures. I am the President and CEO for FFP Securities, Inc. an independent B/D located in Chesterfield, Missouri. We have approximately 350 reps and are registered to do business in all 50 states. FFP is an introducing B/D with Pershing acting as our clearing firm.

The following summarizes our issues and concerns:

1. **Conflict Of Interest Disclosures are Overwhelming and Confusing:** Disclosing conflict of interest to clients is important for clients in evaluating a proposed transaction. However, the new proposals are so detailed and comprehensive in nature that instead of helping the client, the client may be overwhelmed by the data that is supplied. Forecasts of future hypothetical expenses may be confusing and could be misleading. In addition, the proposal requires the firm to disclose certain anticipated costs which may be virtually impossible to do accurately. The disclosure requirements also sweep in sales contests that are short term in nature and may require nearly real time updating to the disclosure to meet the required accuracy.
2. **Lacks Mandate for Fund Companies to Cooperate:** In order to comply with the disclosure requirements, the broker dealer would need significant data and information from mutual fund companies but the fund companies are under no corresponding obligation to provide that information to the broker dealers. This places an undue burden on the broker dealers.

An example of this lack of symmetry was experienced in our recent work to respond to the breakpoint refunds. The sole duty to perform was placed on the broker dealers while essential information was held by the fund companies. Nearly 20 companies failed to respond to our repeated requests for data. Those that did respond did so in multiple formats, further increasing our costs and the time required to assimilate information from disparate sources.

3. **“Important” Information That Must Be Disclosed Is Not Defined:** The proposed rule has sweeping requirements to disclose what is important but because of no clearly defined definition of the term, “important”, the broker dealer would be left with no clarity about what would be adequate to meet this requirement.

4. **Duty to Disclose Distribution Costs Is Inappropriately Placed on the Broker Dealers:** Disclosure of distribution costs should be the obligation of the fund companies since these costs are controlled and managed by them in a myriad of ways. Prospectus disclosures are a more suitable place to provide this disclosure, along with historical data on the fund's performance.
5. **Disclosure Requirements Are Repetitive:** The disclosure requirements are repetitive and require two and sometimes, as is the case for oral presentations, three disclosures of each transaction. This repetition is expensive and could ultimately confuse and frustrate clients.
6. **Development and Implementation Costs For Broker-Dealers Are Substantial:** The SEC has estimated that set up costs are \$800,000 and on-going annual upkeep between \$500,000 and \$600,000. Our firm believes that the costs under estimate the true financial commitments that firms would need to undertake to develop new systems and processes to gather and validate the required data on a monthly or at least quarterly basis. This is a drain on valuable technology resources that would otherwise be deployed in developing critical improvements such as consolidated statements or disaster recovery programs, or simply creating enhancements that will benefit customers. The only alternative would be to increase costs to the investing public or cut costs in other areas that could result in a deterioration of required services.
7. **Fewer Funds Will Be Offered to Investors:** The disclosure requirements and related complexities will sharply limit the number of fund families that broker-dealers are willing to offer and sell, thereby limiting the potential diversification that a client may have in his portfolio.
8. **Undefined Customer's Right To Terminate Endangers Free Markets:** The client has the ability to terminate a transaction if the trade was placed before the disclosure was provided. Such an open ended termination right creates an environment that is ripe for market manipulation.

In conclusion, the proposal is complex, lengthy, and the speed of the development has left the proposal with significant flaws. The proposed disclosures would be extremely difficult for many clients to understand and may, in fact, confuse them. The costs to implement the proposed rules would be significant and would ultimately increase the investment cost for the clients or reduce the number of products available for them to purchase.

Very truly yours,


Craig Junkins
CEO and President
FFP Securities, Inc.