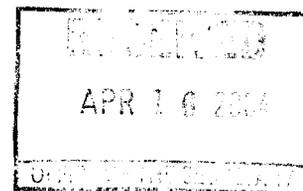


Office of the President
Legg Mason Wood Walker, Incorporated
100 Light Street, P.O. Box 1476, Baltimore, MD 21203 • 1476
410 • 539 • 0000

Member New York Stock Exchange, Inc./Member SIPC

April 15, 2004



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

RE: File No. S7-06-04 Proposed Rule: Confirmation Requirements and Point of Sale Disclosure Requirements for Transactions in Certain Mutual Funds, etc.

Dear Mr. Katz:

I am writing on behalf of Legg Mason Wood Walker, Incorporated ("LMWW"), a full service broker-dealer. As a broker-dealer, LMWW is the primary distributor for many of the Legg Mason fund families and also maintains dealer agreements with over 200 unaffiliated mutual fund complexes.

We very much appreciate the opportunity to comment on the SEC's proposed rule changes relating to new confirmation and point of sale disclosure requirements for mutual fund transactions. In general, LMWW supports the positions taken by the Securities Industry Association ("SIA") in its comment letter previously filed in connection with these proposals. In particular, Legg Mason supports the SEC's goal of providing enhanced disclosure to clients to help them compare investment choices, understand the costs they are incurring and to alert clients to any potential conflicts. We believe the challenge is to do so in a cost effective manner that is clear, easy to understand and relevant to the client.

We support the SIA's recommendation to employ website tools (with back-up toll free telephone numbers for clients to request printed information) as an alternative means of accomplishing the SEC's goal of improving the quality of disclosure provided to mutual fund investors. In our view, delivery of mutual fund related tools and disclosures on a firm's website will afford clients many benefits over the paper-based system currently being proposed, including more timely access to the most current information on a more cost-effective basis.

Jonathan G. Katz
Securities and Exchange Commission
April 15, 2004
Page 2

We also support the SIA recommendation that the disclosures be based on a standard investment of \$10,000. We believe that creating such an industry-wide standard would enhance the ability of potential investors to make meaningful comparisons among multiple mutual funds.

We note that the SEC proposals relating to sales confirmations would require firms to disclose the sales charges and dealer concessions both in absolute dollars and as a percent of net amount invested. This proposal runs contrary to the recommendations being made by the Joint NASD/Industry Task Force on Breakpoints, which is to disclose these charges only as a percentage of the Public Offering Price (POP). We are concerned that the additional disclosures contemplated by the SEC are at best duplicative and potentially confusing to investors as they attempt to reconcile the multiple disclosures.

Like the SIA, LMWW is very concerned with the costs that would be associated with implementation of the current SEC proposals. We believe that the SEC has materially under-estimated these costs. For example, the pre-sale disclosure contemplated by the proposals would require significant industry-wide system changes. The system supporting it would need to be completely integrated into the breakpoint pricing engine, including the database of holdings at the broker-dealer supplemented by any information about outside or related holdings provided by the client. The calculations to determine sales charges would have to be based on the prior day's net asset value or POP. However, a substantial move in the market on the day of the trade could make the pre-sale disclosure information relating to sales charges inaccurate. The pre-sale system would also need extensive tables to store the disclosure details for the thousands of funds sold by each broker-dealer. Even assuming the information could be calculated, making it instantly accessible to all clients and LMWW sales personnel would be extremely difficult. Like many firms, LMWW deals with its clients in several ways and locations, including in our offices, our clients' homes and places of business, over the telephone, and on a completely automated means via voice response systems. We are not aware of any mechanisms that would currently permit us to have the information envisioned by the SEC proposals available at all these locations and under all these circumstances.

We are also concerned that the contemplated point of sale disclosure will be very complex and difficult to administer. Our concerns are exacerbated by the fact that the SEC has proposed to give clients the right to rescind a trade if required pre-sale disclosure is not made. This will put broker-dealers in the position of having to prove that the necessary disclosures were made in connection with a challenged trade. Maintaining the level of record-keeping that would be necessary for broker-dealers to protect themselves with respect to each transaction and each client communication would be extremely difficult and expensive.

Jonathan G. Katz
Securities and Exchange Commission
April 15, 2004
Page 3

If, as we suspect, these additional disclosure costs are passed on to clients, the burden will be substantial. Using the SEC's own estimates, the SIA has calculated that the ongoing cost per household investing in mutual funds is \$55.00 per year. In addition, we are concerned that these additional costs could result in firms such as LMWW raising investment minimums, reducing the number of fund families that are offered to our clients and taking other cost control measures that will result in investors being offered fewer investment options.

We urge the SEC to consider these comments, as well as those made by the SIA, and to modify its proposals accordingly. While we support the goals underlying the SEC's proposal, we believe that these goals can be accomplished in a far more effective and cost-efficient manner than is currently being contemplated. Thank you for the opportunity to be heard.

Sincerely,

A handwritten signature in black ink, appearing to read "TCScheve", written in a cursive style.

Timothy C. Scheve
Chief Executive Officer