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May 12, 2004

Mr. Jonathan G. Katz, Secretary  
U.S. Securities and Exchange Commission  
450 5<sup>th</sup> Street, N.W.  
Washington, DC 20549

RE: Release No. IC-26356; File No. S7-09-04; Proposed Rule

Dear Mr. Katz:

I am taking this opportunity to express my opinion on the proposal to rescind Rule 12b-1.

As the Commission is aware, the fees paid under the Rule to selling broker/dealers were intended to cover marketing expenses incurred. Most brokerage firms that receive these fees treat them as compensation to the sales force as an incentive to service client accounts. Although this may or may not be the purpose for which Rule 12b-1 was intended, it certainly is how it is treated in my experience.

I am opposed to any change in the Rule as I believe the small investor will be the one to suffer should the Rule be rescinded. While most 12b-1 fees (so-called) are quite small, they collectively represent a partial reimbursement to registered representatives for expenses and time incurred in assisting the smaller clients who tend to gravitate toward the purchasing and holding of investment company shares. In the absence of these fees, I believe the larger investor (defined by me as that person with in excess of \$100,000 in equity in a brokerage/advisory account) will be adequately served, but the individual who owns less than \$25,000.00 of mutual fund shares will be either under-served or poorly served. Such a small account does not make sense for a fee based client relationship, and servicing the client is unlikely to happen should the representative not be compensated in some fashion.

Sincerely yours,

Philip C. McMorrow, CFP®