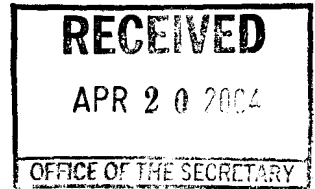


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Jonathan G. Katz
Securities and Exchange Commission
450 Fifth St. NW
Washington, D.C., 20549-0609

April 13, 2004

File number S7-11-04,

Dear Sirs,

I would like to address a specific topic with the proposed Rule of Mandatory 2% Redemption Fee on Mutual Funds held for 5 days or less.

I have been requested to do a cost analysis of a systems modification for a small broker dealer who I work for on a part time basis. The systems modification is for the compliance with rule S7-11-04. What we are looking at is at the minimum a wholesale redesign of recordkeeping and transmitting systems \$800,000 to get it going initially. But quite possibly a wholesale repair of a networking system breakdown if our processors used the networking system to communicate data to funds on an individual transaction basis. Of course if a networking system breakdown occurs, the costs will be much more. Even the first dollar amount of \$800 thousand will put my employer out of business.

Record keeping and transmission redesign would of course be cheaper if data were transmitted on a monthly basis. Please seriously consider this option.

Sincerely Yours,


James Desmond

J & L Systems
Montebello, Ca.
