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SHELDON R. STEIN
GENERAL COUNSEL

April 13, 2004

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

Re: File No. S7-11-04 – Supplementary Comment Letter on Proposed Rule: Mandatory Redemption Fees for Redeemable Fund Securities

Dear Mr. Katz:

As with my previous rule comments, the following represents my own personal views and are not necessarily those of my company or colleagues.

I am making a further comment in view of the possibility that final rules in respect to hard closings, timing and redemption requirements will involve compliance at the level of intermediaries. This means that broker dealers, retirement plan administrators and other intermediaries will be responsible for compliance in respect to the trades which they will effect with mutual funds. This complicated compliance system will make it virtually impossible for the mutual funds themselves to have any guarantee of compliance. The mutual funds will have to rely on intermediaries to ensure that the trades are proper in time, timing and in any required collection of fees for short-term trading. The increased expense and risk for mutual funds – and especially for small funds and fund management groups – will be enormously unfair since the reliance for compliance will be at the intermediary level. There will be no way for the mutual funds to have complete assurance of any regulatory compliance.

At the very least, it is vital in such circumstances that the mutual funds be given relief from any legal or administrative liability or responsibility in respect to the actions or failures of the intermediaries. This is similar to the position taken by the Treasury and the Commission in respect to customer identification.

Very truly yours,

Sheldon R. Stein