May 4, 2005

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

File No. S7-27-03

Dear Mr. Katz

The following comments on the Commission’s proposed amendments to Rule 22c-1 are respectfully submitted for your information and attention.

Over the last few months, we have been fortunate in being able to conduct a comprehensive review of the issues involved in mutual fund “late day” trade order processing - with a particular focus in retirement plan processing. We have gathered independent data and perspective that we believe you will find useful in your current endeavors. As a background to our efforts we reviewed and assessed:

(i) Detailed processes of parties involved in mutual funds trading with a focused on the retirement industry; i.e. environments specific to Plan Participants, Plan Sponsors, Third Party Administrators (TPAs), National Securities Clearing Corporation (NSCC) and Fund Groups.

(ii) Technology providers in the Retirement and Mutual Fund processing industries including but not limited to recordkeeping platforms and trust accounting/NSCC trading platforms. We also gathered files and sample data from several providers and constructed prototypes.

(iii) Advanced technologies available in e-commerce security industry and large volume processing environments.

As you are aware, the very nature of mutual funds pricing and their associated trading environment is at the core of the issues involved. For example, mutual funds can not be priced prior to the close of the market at 4:00 pm. Thus, the associated mutual fund trading platforms are completely dependant upon pricing files generated by the many fund companies (and other sources) in order to process their data/instructions. To add to the complexity of the environment, the NSCC does not trade directly with all order platforms involved and is dependant on “its membership”; which in some cases receives trade information indirectly from non-member firms. Nowhere is this paradigm more evident than in the retirement arena whereby the average national TPA (300 plans and 30,000 participants) can not trade directly with the NSCC and has to adopt a relationship with an independent party that has the necessary NSCC trading technology and membership access. These TPA companies have just recently (perhaps three to four years
ago) have been able to upgrade their client offerings and provide what is called “same
day late day trading” - whereby the old balance forward plans have been modernized and
migrated to daily processing platforms. As you are already aware, this migration was not
easy and it is only with the help of a few visionary companies that this achievement was
accomplished. The advent of internet offerings (e.g. participant and plan sponsor sites) in
late 1999 and early 2000 has solidified this daily processing paradigm. Today, daily
processing is no longer restricted to “mega” plans but it is available to retirement plans of
all sizes. As a result, market stabilization has occurred. There is no going back in terms of
customer (i.e. plan participant, sponsor) service, and therefore one has to look forward to
find an appropriate solution.

In an environment composed of up to six levels of independent and distinct processing
(e.g. Plan Participant, Plan Sponsor, TPA, Trading Platform, NSCC, Fund Group) and
nearly as many level of consolidation (i.e. “ omnibus”) the only feasible solution is a
technological alternative. Indeed the key to addressing your concerns in this multi-site,
multi-company environment is the authentication of the entire “transaction life cycle” as
it moves across these entities. Contrary to common logic, it is the smaller providers not
the larger ones that will present the most challenge going further. These smaller providers
if not addressed properly will constitute “the weakest link in the chain” thus negating the
core of what you are trying to achieve - transactional integrity from instruction to order
submission. These smaller providers offer and enjoy similar sophistication and
technology tools as the bigger companies. For example, Voice Response Units (VRU),
Internet, File Transfers (FTP), Batch Processing, Customer Service Workstations (CSW)
and other technologies are used as the entry point of the order/instruction. However with
only a small number of these firms using centralized processing platforms, the present
environment is now composed of thousands of small “data processing centers” that will
need to be upgraded. Some of the suggestions you have been exposed to and presented
with thus far address this problem to a degree. That is without a solid accountability of
the full transaction life cycle as it moves across the different processing environments
(small and large providers alike, NSCC member firm or not), it is our belief that these
options will only produce partial results.

In conclusion, and as a result of our efforts, we believe in two fundamental concepts:

   (i) Any technology introduction associated with a new proposal needs to
       be transparent from an implementation perspective; and

   (ii) The solution proposed needs to be economically feasible.

We are open to discuss our ideas and suggestions further with you.

Sincerely,

Radu H. Pasovschi
Chairman & CEO