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January 30, 2004

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



RE: File No. S7-27-03

Dear Mr. Katz:

We are writing on behalf of 153,000 participants in the New York State Deferred Compensation Plan (the "Plan") to communicate our comments regarding the Securities and Exchange Commission's (the "Commission") proposed amendments to rules governing pricing of mutual fund shares.

As overseers of a Section 457 plan that holds \$3.5 billion of assets in mutual funds that are managed by sixteen regulated firms, we are grateful to the Commission and to the New York State Attorney General for the efforts you are undertaking to bring about reform that will result in better business practices, fewer abuses and a stronger system for Plan participants to invest in. As evidenced in the Commission's proposed amendments to prevent unlawful late trading, the Commission is acting with resolve to restore investors' faith in the U.S. financial system. That being said, we urge the Commission to consider carefully the impact these rules will have on retirement plans whose members place orders through administrators acting as intermediaries.

By way of background, the New York State Deferred Compensation Plan maintains an unbundled structure under which separate contracts are implemented with the administrator and with individually selected investment management firms. While this arrangement is by no means the only structural solution for a retirement plan, many experts consider such a separation of functions to be a best practice because it provides the plan with flexibility in selecting investment managers while reinforcing the administrator's neutrality with respect to the investment options. In the current operational environment, administrators who service unbundled plans act as intermediaries in routing participants' orders to funds.

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As currently stated, the proposal to limit current day pricing to orders received directly by a fund, its transfer agent or a clearing agency by 4:00 p.m. (or such other time as the fund establishes for calculating its net asset value) could subject members of unbundled retirement plans to different standards than would apply to members of plans that place orders directly with funds. For example, the rule could require a participant in the New York State Deferred Compensation Plan to place an order well before 4:00 p.m. in order to receive current day pricing, while a plan that invests directly with the fund would receive current day pricing for orders they placed just prior to the 4:00 p.m. deadline.

Within the Discussion section of the Proposal, the Commission accurately points out that an investor's receipt of same day pricing could be either advantageous or disadvantageous depending on daily changes in asset valuations. Nonetheless, as a fiduciary, we are wary of any set of circumstances that could put Plan participants at an operational disadvantage. Further, we are concerned about regulatory language that could discourage a plan sponsor from availing its members of the well documented benefits of an unbundled plan structure. Therefore, we request that the Commission consider modifications to the proposed rule that will serve the overriding necessity of eliminating late trading, while also preserving an equitable operational environment for all retirement plan members.

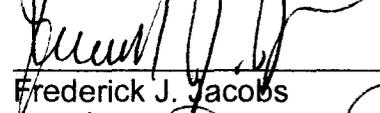
Again, we support the Commission's efforts in this critical undertaking and appreciate your consideration of our comments.

Sincerely,

THE NEW YORK STATE DEFERRED
COMPENSATION BOARD



Linda Angello, Chair



Frederick J. Jacobs



Abraham M. Lackman

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cc: The Honorable William Donaldson, Chairman, Securities and Exchange Commission
Paul F. Roye, Esq., Director, Division of Investment Management, Securities and
Exchange Commission
Julian Regan, Executive Director, NYS Deferred Compensation Plan