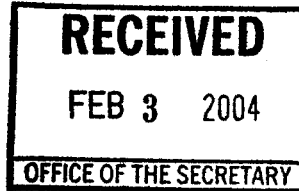


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January 27, 2004

Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549



RE: SEC File number: S7-27-03

Dear Sir or Madame:

Our Association presents these comments on proposed rule SEC File number: S7-27-03, which would require a "firm" 4:00 p.m. cut-off for reporting trades in an effort to eliminate late trading and marketing timing abuses by certain mutual fund companies.

While we agree that late trading and marketing timing abuses erode investor confidence and the integrity of the markets, we believe the approach in the proposed rule could create significant disadvantages for our members' employees who participate in retirement programs offered by financial services intermediaries that provide "multi-manager" self-directed plans.

Financial service intermediaries generally offer funds from a variety of mutual fund managers under a single retirement plan. Such multi-manager products have become popular because they give participants more investment options, with greater diversification through a variety of fund managers and fund types. This structure makes these plans particularly attractive to both small investors and less-sophisticated investors.

We see three specific problems with the proposal, all tied to the fact that a firm 4:00 p.m. cut-off for reporting trades would require financial intermediaries and broker-dealers to impose an even earlier order cut-off deadline to allow them the time they need to properly process and transmit the orders to the fund by 4:00.

First, single-manager plans would gain an unacceptable competitive advantage because, by trading directly, they would be able to accept trades until the 4:00 p.m. deadline.

Second, because it can take a retirement plan intermediary four to six hours to reconcile mutual fund trades for submission directly to a fund company whose processing is done after 4:00 p.m., a firm 4:00 p.m. cut-off would require some intermediary plans to close trading as early as noon each day, or even earlier for participants on the West Coast.

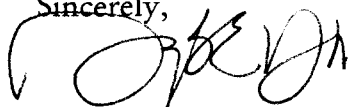
Third, we have to expect that the administrative complexity the rule would create among multi-manager plans would necessarily result in higher plan administration costs.

We believe these outcomes are unintended consequences of the Commission's approach to solving these trading abuses, and suggest instead that the SEC consider the more equitable approach taken by the House of Representatives in H.R. 2420. The legislation permits trades received by 4:00 p.m. to be processed and executed based on that day's 4:00 p.m. Net Asset Value or NAV. This approach would allow for more strict compliance than current standards, while preventing many of the abuses that have led to the regulatory proposal. We believe it would do so without establishing competitive imbalances or hurting small investors and their retirement accounts.

Our Association suggests that the Commission reconsider its "firm" deadline approach, and look to using the NAV approach to curb trading abuses.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas E. Hill". The signature is stylized and somewhat cursive, with a large initial "D" and "H".

Douglas E. Hill
Executive Director