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July 6, 2006

Ms. Nancy Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Mutual Fund Redemption Fees; File Number S7-06-06

Dear Ms. Morris:

Calvert Group, Ltd. ("Calvert")[1] is writing to make the Securities and Exchange Commission (the "Commission") aware of certain developments relating to Rule 22c-2 since Calvert filed its previous comment letter with the Commission dated April 7, 2006. In Calvert's previous letter, it observed that one of the challenges of negotiating "shareholder information agreements" with financial intermediaries is that "[f]und complexes naturally want their funds to be governed by market timing policies that the Board of Directors of the applicable funds have determined to be in the best interest of the fund, but financial intermediaries maintaining platforms with funds from many different complexes have concerns that they will have to share information and implement instructions in accordance with widely divergent market timing policies."[2] Calvert's experience over the past three months has validated this observation and Calvert therefore wanted to take this opportunity to again urge the Commission to abandon the "shareholder information agreement" requirement of Rule 22c-2 or, at the very least, to establish, in its next Rule 22c-2 release, a set of standards that "shareholder information agreements" must adhere to.

Under Rule 22c-2, in its current form, financial intermediaries will be required to monitor compliance with a wide range of divergent market timing policies and will incur the associated costs. Calvert has received letters relating to Rule 22c-2 from numerous distribution platforms seeking Calvert's consent to the application of each such platform's "standard" market timing policy to investors who hold shares of Calvert fund's through such platform. These "standard" policies have ranged from very general policies that would impose a redemption fee or a ban on further investments if an investor engages in more than a certain number of purchase and sale roundtrips over a fixed period of time to extremely detailed policies seeking to establish different rules for different types of investors (e.g., retirement vs. brokerage) and an elaborate list of exemptions, which if triggered, would cause the policies not to apply. Unfortunately, the single thing that all of these "standard" policies have had in common, is that none of them have been consistent with the market timing policies of the Calvert funds as approved by the Board of Trustees or Board of Directors of those funds.

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1 Calvert Group, Ltd. is a financial services firm specializing in tax-free and socially responsible investing, offering 32 mutual fund portfolios, with approximately $12 billion in assets under management. Calvert's philosophy is that shareholders can make sound investments without compromising their values. Accordingly, certain of Calvert's funds, in addition to assessing the economic viability of potential investments, evaluate companies according to specific social and environmental criteria designed for each fund.

2 See Section III of Calvert's "Comment Letter on File No. S7-06-06" dated April 7, 2006.

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The incongruity between Calvert's market timing policies and the "standard" policies being proposed by these various platforms results in a binary outcome – Calvert must either decide to apply its own policies or to agree to apply the platform's "standard" policies. The former outcome will, of course, leave the financial intermediaries with the exact predicament that they are trying to avoid, and the latter outcome will "effectively remove the market timing policy decision from the Board of Directors of the applicable funds" and will shift that decision to the Board of Directors of the various platforms.[3] Moreover, if Calvert funds accede to the requests of the various platforms, then Calvert investors who hold shares through multiple platforms will be left holding the proverbial bag because those investors will then be subject to the various "standard" policies of those platforms and will need to divert some of the limited time they allocate for making investment decisions to understanding how those different policies may affect their investments in Calvert funds. These complexities represent just a few of the unintended consequences of the Commission's failure to include any content standards in Rule 22c-2 for "shareholder information agreements".

Calvert has also received correspondence from financial intermediaries expressing consternation over the amount of data that Calvert (and other mutual funds) may request and the frequency with which Calvert (and other mutual funds) may make these data requests. These two issues are a matter of great concern to the financial intermediaries because the amount and frequency of data requests are directly proportional to the costs that the financial intermediaries will incur in complying with Rule 22c-2. As Calvert pointed out in its earlier letter, certain model language for "shareholder information agreements" is being circulated that includes restrictions designed to limit the obligations of financial intermediaries to provide information to mutual funds. The upshot is that "shareholder information agreements" will, in all likelihood, supplant the informal data sharing arrangements that currently exist with narrowly drafted contractual clauses designed to place carefully circumscribed limits on the amount of information that is exchanged. The ultimate irony, of course, is that a rule "designed to foster greater cooperation between funds and their intermediaries…and… improved communication and transparency of information between them"[4] will, unless fundamentally altered, have the exact opposite effect.

For the foregoing reasons, Calvert again urges the Commission to abandon the "shareholder information agreement" requirement of Rule 22c-2 and to rely instead on (i) the informal information sharing arrangements that are currently in place between funds and financial intermediaries and (ii) as discussed in Calvert's earlier comment letter, mutual fund compliance with Rule 38a-1 and additional direct regulation of financial intermediaries by the appropriate regulators.

For the foregoing reasons, Calvert also believes that a more radical overhaul of Rule 22c-2 may be necessary. In Calvert's opinion, the difficulties highlighted above are merely symptoms of the Commission's failure to standardize Rule 22c-2 for the entire industry. Market timing is not a fund-specific problem – it is an industry-wide problem that should be addressed on an industry-wide basis through a collaborative effort between the industry and the Commission, not through *ad hoc* actions taken by individual funds and their distribution partners. For example, the Commission could consider establishing a bifurcated standard pursuant to which the Board of Directors of a fund could elect to position itself as either a market timing fund or a non-market timing fund. Rule 22c-2 would then establish the specific requirements that non-market timing funds must adhere to, including, the applicable redemption fee and the minimum standards for information sharing between such funds and financial intermediaries. By establishing such an industry standard, the concerns that have been raised by the various distribution platforms can be avoided entirely and funds can participate meaningfully in crafting an appropriate market timing policy for the entire industry. This level of participation would be far more extensive than under the Commission's current approach to Rule 22c-2, which essentially relegates funds to spectators in the determination of their own market timing policies. This spectator status results from the market reality that distribution channels are

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3 See Section III of Calvert's "Comment Letter on File No. S7-06-06" dated April 7, 2006.

4 "Mutual Fund Redemption Fees," Investment Company Act Release No. IC-27255.

critically important to both funds and fund shareholders and that the Board of Directors of most funds are going to be as cooperative as possible with their distribution partners by, among other things, acceding to requests to impose “standard” market timing policies that are at all reasonable. Of course, if funds are not making this important policy determination for themselves, the natural question is whether it is better to have that determination made by the Commission or by disparate distribution platforms, which, as discussed above, will saddle investors with the responsibility of understanding multiple market timing policies that will apply to shares of the same fund depending upon the distribution channel through which investors hold those shares. In Calvert’s view, to even ask the question is to answer it.

If you have any questions about Calvert’s views or would like additional information, please contact me at 301-951-4852.

Sincerely,

/s/ William Tartikoff
General Counsel

/s/ Andrew Niebler
Assistant General Counsel