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March 31, 2005

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

File Number: S7-06-04

Dear Mr. Katz:

I would like to thank you for the opportunity to respond to the SEC reproposed Point of Sales Rules for mutual Funds, 529 Plans and Variable Insurance Products, file number S7-06-04. I am President and CEO for FFP Securities, Inc. an independent B/D in Chesterfield, Missouri. We have approximately 350 reps and are registered to do business in all 50 states. FFP is an introducing B/D with Pershing as our clearing firm.

The following summarizes our issues and concerns:

Change Required Disclosure to Product Developer:
We support the idea that this information is important for clients to receive but feel that other parties in this transaction are in a better position to make the disclosure. The product developer and provider of mutual funds, 529 plans, and variable insurance products are in the best position to properly disclose costs, fees, potential charges, risks, etc., via the prospectus and their marketing material at the point of sale. The provider controls the fees that are paid by the client usually with little or no involvement by the introducing B/D. The developers maintain this information currently and thus would be the best entity to provide the disclosures needed. In addition we believe that all of the required disclosure should be included within the prospectus.

Significant reduction of products offered to the investing Public:
FFP currently has agreements with approximately 120 fund companies, 30 - 529 plan providers and 360 variable insurance product carriers. The new point of sale disclosure requirements would mean we would have to develop, maintain and keep current a minimum of 1530 to 1920 separate disclosure forms. This estimate would mean we would maintain a minimum of 3 forms (A, B, C and potentially other share classes) for each mutual fund family (a minimum of 360 forms) and a minimum of another 90 forms for 529 plans. Variable insurance products have a minimum of 3 compensation alternatives with many having 5 compensation plans, which would total 1,080 to 1,470 separate disclosure forms. Given the magnitude of this, FFP Securities would be unable to comply with the proposed rules. We would have no alternative except to dramatically

reduce the number of products we allow our reps to sell thus dramatically limiting the choice of products our investors would have.

Technology to support Point of Sale Disclosure:
FFP currently has no technology solution to support this disclosure requirement and would have limited capacity to be able to develop it. Thus we would be forced to develop a manual process of spreadsheets that would account for each disclosure form that is required. For our firm, even the manual process would be impossible to administer unless we dramatically reduce the number of product choices we offer to clients.

Paper Reduction Act of 1995:
The SEC estimated that each firm would spend $800,000 to develop the systems and spend an additional $500,000 to $600,000 administering it. Our estimates are higher in both cases. Given the structure of our firm and the margins we have to work with, these additional expenses and related inefficiencies are costs we have no ability to bear. The new proposed regulation is, in our opinion, contrary to both the spirit and intent of this and other recent legislation.

Disclosures made with Prospectus:
The Securities Act of 1933 requires that important information must be included in the prospectus. The new requirements to disclose conflicts of interest and expenses are by their very nature important and thus should be included in the prospectus. The proposed disclosure could be and more appropriately should be added to the prospectus. The prospectus could be revised to include both details and summary disclosures in a manner that may be more useful to the client. If this information is disclosed and kept separate from the Prospectus the unintended consequences may be to further reduce the value of the prospectus and may be viewed as circumventing the 33 Act.

Optional Disclosure of transactions costs:
The SEC received substantial negative feedback about disclosing transactional costs to clients about the specific transaction because of the difficulty of completing the disclosure accurately and the risk to both the B/D and the rep. The suggestion was to disclose costs at standard levels of $1,000, $50,000 and $100,000. The new disclosure does require the standardized disclosure at these three levels and also strongly encourages the client to mandate specific transactional disclosure be added manually by the rep. The standard disclosures coupled with the transactional disclosure make the form needlessly complex with increased likely hood of inaccurate forms. We believe that the standardized disclosure is adequate to inform the client of the approximate costs of the transaction and that this disclosure is best done through the prospectus. We continue to believe that mandating manual disclosure will increase the chance of error and risk for both the B/D and the rep. Alternatively, if the transactional details must be disclosed the standardized disclosure components should be removed to simplify the form, and a safe harbor be created for both the B/D and rep if the form complies with the SEC's model disclosure.

Disclosure of all covered securities under consideration:
The Point of Sale disclosure currently would mandate that disclosure forms be prepared for any security that is discussed with the client. Most reps cover many products and options that a client may want to consider fulfilling their investment needs. Clients would be overwhelmed by all of the paperwork if each discussion would trigger a disclosure forms that must be explained and maintained even if that product is ultimately not recommended to the client. We agree that all clients should get full disclosure, but continue to believe that this is best done through the prospectus and approved vendor product marketing material. We are very concerned that the new disclosures will make buying an investment product less understood due to the overwhelming amount of paper that would be generated. We do not believe our industry should flood clients with paper and have this process be as confusing as buying a house is today.

Disclosure of sub-account holdings:
Sub-account holding should not be disclosed on the point of sale disclosure form. The information is available in the prospectus that the client is receiving. The form will be very complicated and require multiple pages if this added and make the confirmation more difficult to understand and much more difficult if not impossible for the B/D to deliver. The addition of the sub-account information may obscure the key information that the disclosure is intending to provide for the client because of the increased length and complexity of the required form. In addition, the selection of different sub-accounts does not alter the costs of the annuity or life insurance contract.

Annual cost disclosure on Point of Sale Disclosure forms:
The annual costs were not originally part of the disclosure proposal but have been added expanding the length of the form and the amount of duplicated information that is already provided in the prospectus. The disclosure can still be better described to the client by modifying the prospectus and not duplicating this information on the Point of Sale Disclosure form. We strongly recommend that this not be added but rather the prospectus could be modified to better explain to the clients how the fees are calculated and deducted.

Disclosure of Special Incentives:
FFP believes the best way to disclose dealer concessions, revenue sharing and fees is through the prospectus and a disclosed location on the Internet. The disclosure would be less burdensome and more achievable for the B/D, while still providing clients with all relevant information. In addition we do not believe that a shared Internet site for multiple B/Ds would work for multiple reasons. The disclosures would be different in most cases and actions to drive consistent answers would not be allowed under numerous federal laws.

Oral Disclosure of Point of Sale Information:
We do not believe oral disclosure of Point of Sale information to clients via the telephone can be or should be made in any context. We believe that the disclosure is too complicated to do via the telephone and would be ineffective for the client. We believe

this is a competitive advantage for certain firms that should not be fostered by the SEC. A better alternative would be Internet or email disclosure.

Client signature on Point of Sale Disclosure:
Again, we believe the disclosures should be in the prospectus, but if the point of Sale Disclosure is a separate document and not part of the prospectus the form should be modified to include both a signature line and date to prove that the client has seen the document. This is only reliable way for the B/D to prove that the client received the disclosure.

Contributions to Products held directly with the provider:
Subsequent investments into a covered security held by the provider can be made directly into the covered security without any contact with the B/D or rep. The initial disclosure would have been made when the security was purchased. We do not believe that any subsequent investment into this covered security should require any additional disclosure.

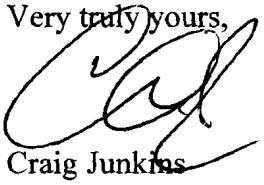
B/D confirmation to clients:
This proposal is by far the most expensive, unmanageable, and possibly a business ending event for an independent introducing B/D like FFP Securities. The information that is provided in the confirmation would duplicate what is provided in the proposed point of sale disclosure process, which again should be contained in the prospectus. This duplication would be very expensive have little value to clients and may well be confusing.

FFP is an introducing B/D and has no ability to create or send a confirmation about a covered sale. Currently somewhere between 60% and 70% of our covered security business is done directly with the product company and not through our clearing firm (Pershing). We assume (but have no verification of this) that Pershing can provide the required confirmation on our behalf to the client if the business cleared through Pershing. However, less than half of our securities business clears through Pershing and they cannot clear any variable life business. Confirmations for the direct business are the current responsibility of the product company. This includes all variable life products and any mutual funds and 529 plans that are not done through Pershing. Your proposal needs to be modified to place the responsibility of the expanded confirmations on the product provider rather than the introducing B/D. If the responsibility is not shifted away from FFP as an introducing B/D and onto the appropriate product provider we will be unable to comply due to the expense, lead time, in-house expertise and data to create these confirmations. I seriously doubt that any but the largest introducing B/Ds can comply with this seriously flawed proposal.

In conclusion the proposal continues to be very expensive and appears to be only focused on part of the industry, the B/D community. The product providers are in a far better position to provide the disclosure inside of the prospectus that are needed by clients and to continue to be responsible to produce the confirmations for clients for all direct business as is the current industry practice. We are interested in providing clients appropriate information to make intelligent investment decisions. However the proposal

needs to be modified to reflect current practices, factual estimates on costs, reasonable time frames to implement and a shared implementation responsibility across all parts of the industry including investment and insurance companies.

Very truly yours,



Craig Junkins
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