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April 3, 2005

RECEIVED
APR 11 2005
OFFICE OF THE SECRETARY

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

S7-06-04

Re: SEC Proposal on Point of Sale and Confirmation Disclosures

Dear Mr. Katz:

I must say that I am extremely concerned and disappointed that the SEC appears to be on the eve of approving a proposal on point of sale and confirmation disclosures for mutual funds and variable annuities.

For starters, it seems ludicrous to be considering such a proposal before a thorough review of the disclosure regime for Covered Securities takes place, as Chairman Donaldson has made clear that the SEC will embark on shortly.

An even sadder commentary is that the SEC's emphasis on fees in the model disclosure forms will have the unintended consequence of misleading investors into believing that the primary determinant of product value should always be the lowest internal fees. If lowest cost were always the motivating force behind a purchase, I guess all of us would be driving Yugos. By placing so much emphasis on internal fees, the SEC also sends the message that the SEC places little or no value on services provided by the product's manager and the advice provided by the investor's financial advisor. Moreover, the investor will be led to believe that all of the information in the prospectus is now quite irrelevant, since the SEC has provided him with all of the information he needs to have in order to make an informed decision.

Additionally, it's just silly to require financial advisors to make oral disclosures by telephone in any context. Telephonic disclosure of complex information will be ineffective, and a huge imposition on both the advisor and the investor. Often, an advisor will go through a general discussion of several funds before an investor indicates an interest in a narrowed-down field of funds. The internet and the prospectus are far superior vehicles of delivering this information so that is less burdensome to the advisor and more meaningful to the investor.

The supreme irony of the SEC's proposed Point of Sale and Confirmation Disclosures is that increased costs of disseminating this information will no doubt be passed on to the consumer by the mutual fund and variable annuity companies. This action, will serve to undermine the SEC's very concentration on low fees. This can't be what you are really trying to promote, or is it?

The SEC should concentrate on applying pressure to the Mutual Fund and Variable Annuity companies to produce "Plain English" prospectuses. In so doing, they would guarantee the reduction of the size and volume of Plan verbiage, and seriously promote ease in disseminating the information. It's not impossible to do. Look at the size and readability of prospectuses from American Funds (mutual fund) and American Legacy, Lincoln Life's V.A. in which American Funds serves as the sole fund manager, (variable annuity).

I urge you to postpone the implementation of this proposal on Point of Sale and Confirmation Disclosures until after the SEC can perform an exhaustive review of the Disclosure regime for Covered Securities, as Chairman Donaldson has communicated. To implement this Point of Sale Ruling at this juncture would be unfair to all parties and a serious injustice to the consuming public.

Sincerely,

Clark K. Nisbett, CLU