

MEMORANDUM

October 26, 2004

TO: File No. S7-06-04

FROM: David W. Blass
Office of Chief Counsel
Division of Market Regulation

RE: Confirmation Requirements and Point of Sale Disclosure Requirements
for Transactions in Certain Mutual Funds and Other Securities – Release
No. 34-49148

On September 14, 2004, Michael Udoff and other representatives of the Securities Industry Association (“SIA”) met with the following members of the Commission staff: Annette Nazareth, Robert Colby, Catherine McGuire, Paula Jenson, Joshua Kans, and David Blass of the Division of Market Regulation, and Susan Nash, Elizabeth Osterman, Paul Cellupica, and Tara Royal of the Division of Investment Management to discuss the above-referenced rule proposal.

Mr. Udoff reiterated certain of the comments made in the SIA’s comment letter dated April 12, 2004 and presented alternative point-of-sale disclosure documents in draft form prepared by the SIA for class A shares and class B shares. The draft alternatives are attached hereto as Attachment A.

ATTACHMENT A

Mutual Fund Point of Sale Disclosure – A Shares

Mutual Fund Fees Paid by Investor per \$1,000 Invested

Security: American Funds - The Investment Company of America
Fund Class: - A

Investment Total	\$1,000.00
Maximum Sales Charge Total	57.50 (5.75%)
Net Investment Total	\$942.50
Estimated First Year Asset Based Distribution or Service Fees*	\$2.17 (0.23%)**
Volume Purchase Discount (“Breakpoint”) Available	Yes/No

Potential Conflict of Interest

Affiliates of this fund make additional payments to us for marketing or distributing this fund or their other funds.	Yes
We pay our personnel more for selling this fund than for selling other, similar, funds.	Yes

*These fees, often referred to as “12b-1 fees,” are deducted from the fund’s share price annually to cover the costs of marketing, distribution and/or shareholder servicing. A portion of these fees is paid to the broker-dealer.

**The dollar amount of the fee, but not the percentage, will fluctuate based on the fund’s share price (“NAV”).

Please consider the investment objectives, risks, charges, and expenses of your investment before investing.

Mutual Fund Point of Sale Disclosure – B Shares

Mutual Fund Fees Paid by Investor per \$1,000 Invested

Security: American Funds - The Investment Company of America
Fund Class: - B

Investment Total	\$1,000.00
Maximum “Contingent Deferred Sales Charge” (assessed when you sell your shares)*	\$50.00
Net Initial Investment Total	\$1,000.00
Estimated First Year Asset Based Distribution or Service Fees**	\$10.00 (1.00%)***

Potential Conflict of Interest

Affiliates of this fund make additional payments to us for marketing or distributing this fund or their other funds.	Yes
We pay our personnel more for selling this fund than for selling other, similar, funds.	Yes

* Also referred to as a “back end load,” CDSC is assessed when you sell the fund. The actual fee will depend on how long you hold the fund, and the share price (“NAV”) at the time you sell it.

** These fees, often referred to as “12b-1 fees,” are deducted from the fund’s share price annually to cover the costs of marketing, distribution and/or shareholder servicing. A portion of these fees is paid to the broker-dealer.

***The dollar amount of the fee, but not the percentage, will fluctuate based on the fund’s share price (“NAV”).

Please consider the investment objectives, risks, charges, and expenses of your investment before investing.