May 2, 2005

Dear Mr. Katz:

Aker Kvaerner sponsors an employee retirement plan (a code section 401(k) Savings Plan with individual accounts) that invests in mutual funds. In recent months, many mutual fund companies have tried to curb market timing abuses by penalizing plan participants with short-term redemption fees. While these fees are reasonable in certain instances, they are not always prudent and do not serve to protect investors.

The dilemma here for the regular/typical investor is they often do not read a fund prospectus before they invest (especially in tax-qualified 401(k) savings plan) and to compound matters the mutual fund companies and the Securities and Exchange Commission have not done a good job in defining what constitutes a “short-term” or “in-and-out” trade within a registered investment product or mutual fund.

Uniformity is needed in this area of plan investments/trading/exchanging in order that both participants and plan sponsors can continue to save toward retirement without having a limited universe of mutual funds to choose from. As the front line plan administrator for our U.S. Retirement Programs, I can tell you that the majority of our 401(k) investors don’t engage in market timing activities. The implementation of short-term redemption fees to punish the conduct of a few will only hamper the masses of regular investors who invest for the long-term in retirement plans. Accordingly, redemption fees should only apply in those instances of “participant directed exchanges”. Non-discretionary exchanges by participants and fund/asset mix rebalances by record-keepers, etc. should not ever be the subject of such fees.

I would like to close my comments by noting that the issue of short-term redemptions is an even broader issue than the SEC should have jurisdiction over. In fact, it would be wise for the United States Department of Labor to study the issue of redemption fees in light of the prudency requirements that ERISA bestows on plan administrators. If plan sponsors and administrators cannot select from a set of 10 to 12 mutual funds for their plan members to diversify and invest in without the fear of well defined redemption fees, we will all end up being poorer in retirement.

Regards,

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