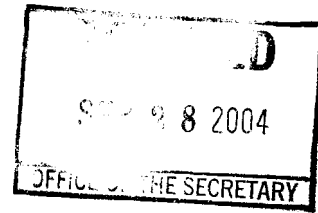


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MFS INVESTMENT MANAGEMENT
500 Boylston Street Boston Massachusetts 02116-3741
617 954 5000

S7-11-04

September 13, 2004

Mr. Robert Plaze
United States
Securities and Exchange Commission
450 Fifth Street, NW
Mail stop 0506
Washington, DC 20549

RE: Redemption Fee Proposal

Dear Mr. Plaze:

I appreciate your taking my phone call last week and discussing the issues regarding the current rule proposal on redemption fees. This is obviously an important rule proposal and we appreciate the amount of care and deliberation with which the SEC has undertaken this initiative.

One issue that we discussed related to the possibility that this rule would obligate mutual funds to require by contract the collection of redemption fees by financial intermediaries, including brokers, transfer agents and third party plan administrators ("Omnibus Record-keepers"). While we believe that this may be a viable solution to collecting redemption fees from Omnibus Record-keepers, we suggest that absent the imposition of mandatory contractual language (verbatim) required to be included in such omnibus contracts, mutual funds may have difficulty complying with this requirement. Attached is language that we would suggest should the SEC adopt this approach to Omnibus Record-keeper redemption fee collection.

Again, I appreciate your taking the time last week to take my call.

Sincerely,

Maria F. Dwyer
Chief Regulatory Officer

Attachment

cc: Bob Pozen

ATTACHMENT

(a) No mutual fund, fund adviser, fund underwriter or fund transfer agent (collectively “Fund Record-keepers”) shall accept any order to buy, sell or exchange any shares of the relevant fund unless it obtains the consent of any individual or entity that aggregates any such orders in any manner (“Aggregator”) to the following contractual obligations verbatim:

“[(1)] The Aggregator shall take full and complete responsibility for enforcing and collecting any redemption fees with respect to the relevant fund in accordance with that fund’s then-effective prospectus unless the Aggregator provides the Fund Record-keeper with the information and authority set forth in [subparagraph (a)(2)]. The Aggregator shall remit promptly all redemption fees it collects to the Fund Record-keepers in accordance with operational guidelines established by the Fund Record-keepers.”

[(2)] The Aggregator will provide promptly all the information reasonably requested by the Fund Record-keepers in the format and medium designated by the Fund Record-keepers to enforce and collect any redemption fees of the relevant fund on the same business day that it submits a redemption order, and hereby grants the Fund Record-keepers express authority to enforce and collect such redemption fees for all accounts processed by the Aggregator at the relevant fund.

(b) For the purposes of subparagraph (a), the Fund Record-keepers shall be deemed to have obtained the consent of the Aggregator if the Fund Record-keeper provides the Aggregator with written or electronic notice of the Aggregator’s required contractual obligations in subparagraph (a) and the Aggregator does not object in writing or electronically to the Fund Record-keepers within 30 calendar days of receipt of such notice.
