UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
INVESTMENT MANAGEMENT

January 16, 2009

Neils Holch
Executive Director
Coalition of Mutual Fund Investors
400 North Capitol Street NW, Suite 585
Washington DC 20001

Dear Mr. Holch:

Thank you for your December 15, 2008 letter to Chairman Cox urging the Commission to reconsider the standard of information sharing "upon request" under rule 22c-2 and to consider expanded disclosure requirements for payments to third party intermediaries. The Chairman referred your letter to the Division of Investment Management and asked that we respond. The Division, as you know, is principally responsible for the administration of the Investment Company Act of 1940 and its rules.

First, you recommend that the Commission amend rule 22c-2 to require daily sharing of account and transaction information between funds and omnibus accounts, and suggest that this could be implemented through systems offered by the National Securities Clearing Corporation at a relatively low cost. When considering the rule, the Commission was concerned that frequent transfer of account information would be costly and could reduce the effectiveness of the rule because fund managers would have to sort through and analyze huge amounts of data even if: (i) the particular fund and its shareholders were not exposed to a significant risk of undue frequent trading; and (ii) there was no evidence of unusual trading. In most cases, these costs would be borne directly by shareholders.

The current rule, which allows funds to request information regarding shareholder identities and transactions when warranted, is designed to balance the benefits of curbing undue frequent trading with the costs of such restrictions. If we determine that the rule is ineffective in preventing inappropriate frequent trading, we will revisit it and, as you suggest, consider requiring more frequent transfer of account information.

Second, you urge us to expand current disclosure requirements of payments to third parties regardless of the stated purpose of the payments. Please be assured that all payments by funds (other than brokerage, which is included in the basis of securities purchased) must be disclosed as an expense in a fund's fee table under one of three categories of expenses. To the extent that fund advisers make payments on behalf of the fund, the effect of the expense on fund shareholders would be reflected in the amount of the advisory fee. You suggest, however, that these expenses be disclosed with greater

specificity so that fund investors may better appreciate the cost of the particular services provided.

As you know, the Commission staff is currently evaluating a range of different approaches for reform in this area, including point of sale disclosure, amendments to rule 12b-1, and related issues regarding fee transparency. We will take your thoughtful views into consideration as we proceed. Thank you again for taking the time to write.

Sincerely,

Robert E. Plaze
Associate Director