



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

THE CHAIRMAN

June 23, 2009

Mr. 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 May 6, 2009 letter and the attached white paper discussing the risks to long term mutual fund investors that may arise as a result of the use of omnibus or "street" name accounting by mutual funds and broker-dealers. As you know, the Commission's first priority is the protection of investors, and in light of recent events in the securities markets, I am greatly interested in hearing from investor advocates and getting their perspective on our regulatory agenda.

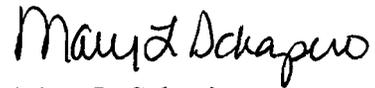
In your letter, you note that when broker-dealers consolidate the positions of multiple clients in a single "omnibus" account with a mutual fund, it may obscure the identities and transactions of fund shareholders. Your letter suggests that omnibus accounting may facilitate inappropriate trading by shareholders, inhibit the ability of mutual funds to enforce their policies uniformly, increase the liquidity risk of money market funds, and could lead to some shareholders not receiving proper breakpoint discounts. You recommend that the Commission end the practice of omnibus accounting and require full transparency of shareholder accounts, either by requiring direct registration of all shareholder accounts with mutual funds, or by amending rule 22c-2 to require daily sharing of account and transaction information between funds and omnibus accounts. You further suggest that the Commission could implement this reform at a relatively low cost by requiring use of systems offered by the National Securities Clearing Corporation.

As you know, when we considered the adoption and subsequent amendment of rule 22c-2, the Commission and the staff reviewed the impact of omnibus accounting on fund investors. Because any costs related to ending the use of omnibus accounting would be borne by shareholders, it is important that any action we take balance the costs to funds and their shareholders with the benefits of the change. The current rule, which allows funds to request information regarding shareholder identities and transactions when warranted, was designed to balance the benefits of curbing undue frequent trading with the costs of collecting and analyzing information from omnibus accounts. We will consider whether rule 22c-2 is ineffective in preventing inappropriate frequent trading, or could be amended to better address other investor protection concerns, and if so, as you suggest, consider requiring more frequent transfer of account information.

Mr. Neils Holch
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I take very seriously the issues raised in your letter and the attached white paper. They will be given careful consideration. Thank you again for taking the time to share your views with me.

Sincerely,

A handwritten signature in black ink that reads "Mary L. Schapiro". The signature is written in a cursive, flowing style.

Mary L. Schapiro
Chairman