

Loewi & Co.  
Milwaukee, Wisconsin

February 29, 1968

Orval L. DuBois, Secretary  
Securities and Exchange Commission  
500 North Capitol Street  
Washington, D.C. 20549

Dear Mr. DuBois:

We wish to express our comments on proposed Rule 10b-10 and on the New York Stock Exchange proposal on the Commission Rate Structure. Our position is that we favor the five point package of the New York Stock Exchange proposals, and we strongly oppose the proposed Rule 10b-10.

It appears to us that the Exchange's proposals for modifications in the commission rate structure are reasonable and an approach to the problem that takes into consideration all of its many facets and involvements as well as the interests of the various parties concerned.

Referring to the Exchange's five proposals, the volume discount has become increasingly called for particularly with the rise in institutional activity. Abusive reciprocal practices such as have developed should be prohibited and will need Securities and Exchange Commission help in markets not controlled by the New York Stock Exchange. Discounts for qualified non-member broker-dealers are a fair recognition of the business they generate.

This leaves the matter of customer directed give-ups on their own transactions and limitation on exchange membership to bona-fide broker-dealers. We think that give-ups, properly controlled and perhaps somewhat reduced, are a means of continuing the efficiency of the "lead broker" concept rather than fragmentating [*sic*] large orders and at the same time recognizing that there may be other broker-dealers and other factors behind the generation of an order who deserve some share in the commissions paid for its execution. This is especially true in the case of investment company directed give-ups to other brokers than the one executing the order who sell the investment company shares and in so doing provide the funds to be invested.

Proposed Rule 10b-10 would specifically prohibit investment companies from dividing commissions in this way unless the benefits accrue to the investment company and its shareholders. We feel the inefficiency of fragmented large

orders and/or the loss of selling support for the investment company shares would far outweigh whatever cost reduction might indirectly derive to shareholders.

Membership and broker-dealer allowances on all registered exchanges should, we think, be confined to those who qualify as trained professionals on a full time basis in order to preserve the standards and procedures of the exchanges.

We appreciate this opportunity to express our views and position on the proposed Rule 10b-10 and the related New York Stock Exchange proposal.

Very truly yours,

Loewi & Co. Incorporated

By: William L. Liebman  
President

cc: Mr. George Newton  
Mr. Gordon L. Calvert  
Mr. Alger B. Chapman, Jr.  
Mr. Warren C. Heidel