

Branch, Cabell & Co.
Richmond, Virginia

March 27, 1968

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

Re: Securities Exchange Act of 1934 Release #8239

Dear Mr. DuBois:

Responding to your request for comments on proposed Rule 10b-10 under the Securities Exchange Act of 1934, we have purposely delayed in submitting our comments until opportunity had been afforded us to consider other comments initiating from other security firms, the New York Stock Exchange and the Association of Stock Exchange Firms. In following this course of action, we find that most of the suggestions which had been considered by this firm have heretofore been advanced by others to which we subscribe leaving virtually no new comments available to us. We do, however, especially and wholeheartedly endorse the comments contained in Mr. Haack's letter to you on March 21, 1968.

In your Release #8239, you dwell at some length upon the fiduciary duty of investment company portfolio managers to effect security purchases at commission rates most favorable to their principal in whatever legitimate manner available. In a restricted manner, we agree. But, it is our opinion that there rests upon these fiduciaries an overriding and higher duty to refrain from such practices if the ultimate effect of so doing adversely affects and could conceivably destroy the primary markets to which such managers must look to protect orderly pricing of the countless other securities in the trust portfolio and to provide a liquidity therefor which neither the regional exchanges nor the third market can, without the existence of the primary markets, provide.

Insofar as the proposed restriction on give-ups is concerned, we see no objection whatever to a continuation of the existing arrangement particularly if, as the New York Stock Exchange proposes, a volume discount is permitted. Historically, under the American free enterprise system, concerns which have through experience developed a mutual relationship of confidence and trust have engaged in reciprocated business and so long as there is no discrimination

involved against other customers of either concern or a violation of anti-trust laws, there would appear to be no evil in such an arrangement.

It is our hope that, upon further consideration, the Commission will determine after reviewing carefully all comments made to it that proposed Rule 10b-10 be rejected.

Yours very truly,

BRANCH, CABELL & CO.

By
Robert G. Cabell