Financial Programs Incorporated
Denver, Colorado

March 14, 1968

United States Securities and Exchange Commission
500 North Capitol Street
Washington, D.C. 20549

Gentlemen:

We have read the proposed Commission Rule 10b-10 and respectfully make the following comments:

The proposed Rule, as drafted, would appear to be retroactive in its effect rather than prospective. Since the Commission points out in its release preceding the proposed Rule that the practice of give-ups and reciprocal business has been quite common within the industry for a number of years, if adopted in its proposed form, it is conceivable that a number of derivative suits could be filed under the Rule, a result of which, I am sure, the Commission is not desirous.

Secondly, it is noted that the Commission states "that the proposals which are set forth (in Rule 10b-10) may be equally applicable to other managers of pooled Funds." We would question the application of such a Rule exclusively to investment companies.

The Commission has in the past insisted that the use of "give-ups" to brokers selling the shares of a specific investment company in no way is beneficial to the Fund's shareholders. We respectfully suggest that the Fund's shareholders are equally interested in a continuous flow of new dollars into the investment company. Without sufficient capital to meet constant redemption requirements and seek new investment opportunities, a Fund could be placed in the position of selecting a security from its investment portfolio for sale to meet cash demands. It would seem ironic that a manager who presumably has selected a number of good investments might be forced to select the least opportune of these Investments to raise cash in order to meet day-to-day operating requirements.

In the Commission's Release No. 34-8239, the Commission invited views and comments on the New York Stock Exchange five-point proposal.

Point 1 to incorporate a properly administered volume discount would be in our interest and we could support such a proposal once it was more definitive.

Point 2 to support continuation of customer-directed give-ups once an adequate volume discount program has been initiated we would support, provided the percentage amount which may be given up is at least 50%.

Point 3 of the proposal appears to be an attempt on behalf of the Exchange to perpetuate its existence at the expense of other competing Exchanges. This would appear to restrict rather than expand markets and would be something we would not support.

Point 4 to allow a discount in the commission schedule for non-member brokers would be helpful in broadening securities markets and economically beneficial to the smaller brokers. We would support this proposal.

Point 5 is not specific enough for us to comment upon.

As you can see, our comments are somewhat necessarily short. We would hope that the Commission would grant an extension of time for comments so that serious analytical study of the proposal could be made.

Yours very truly,

John M. Butler
Vice President & General Counsel