

Ernst & Company  
New York, NY

March 15, 1968

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

Dear Mr. DuBois:

We desire to express our objections to SEC Release No. 8239, dated January 26, 1968, and the SEC's proposed Rule 10b-10.

Our firm does not encourage the purchase of mutual funds, and we employ no salesmen. We however execute orders for a Mutual Fund and their reason for favoring us with this business, is that we are able to give them excellent service in executing their orders. We have a particularly fast wire to Chicago, and our office there keeps the Mutual Fund posted on all changes in stocks in which they are interested.

We have an arrangement with this Mutual Fund, whereby we set aside 60% of the commission charge, and at specified periods, we are instructed to send checks to other NYSE member firms.

Should Rule 10b-10 be effective, we believe it would cost us our share of the Revenue received from this Mutual Fund.

Another reason for our objections is that one of our customers is a Hedge Fund, and we furnish this fund with research information. Although we do not receive any orders to be executed for the Hedge Fund, we are compensated for our research by other member firms, who send us monthly checks.

In our opinion, should the rules be enacted as presently proposed, we feel that the public interest will be harmed, as we will not be able to perform our services in the best interest of Fund Share Holders.

Very truly yours,

B. C. Mergentime

cc: Thomas J. Kane