Stern Brothers & Co.
Kansas City, Missouri

February 21, 1968

Securities and Exchange Commission
Washington, D.C. 20549

Re: SEC Release No. 8239
"Give-ups" and N.Y.S.E. Commission Rate Proposals

Gentlemen:

As a member of the Board of Governors and the Federal Securities Acts Committee of the Investment Bankers Association, I would like to enter my comments on proposed Rule 10b-10 and the New York Stock Exchange proposal.

The proposed Rule may be too idealistic to actually achieve the desired results. In my opinion, fund managers' obviously have resorted to "give-ups" primarily to further the sales of their shares and if the proposed rule were adopted those funds not having their own sales staff would be forced to find some other method of attracting sales of the shares of their funds. The human element, I am afraid, would prevail and as a result, for example, instead of directing an order for 15,000 shares of Stock A through one broker, the fund might very well justify orders for 3,000 shares each of Stocks A, B, C, D and E through five separate brokers whom they wish to reward, which, of course, would result in the same commission load to the fund holders as under the present circumstances.

The New York Stock Exchange proposal encompassing the volume discount with a limitation on the percentage amount of the "give-up" would seem to be a more effective means of extending benefits to the shareholders of the fund.

The present necessity of reciprocal practices which are nothing more than a means of getting around certain requirements should be eliminated and we believe the proposal of the New York Stock Exchange to, in effect, make this a direct and open method through special discount commissions is most desirable.

I have no alternative suggestion for dealing with this complicated problem.

Sincerely,

John F. Fogarty

cc: Mr. Gordon Calvert
Mr. George Newton
Mr. Alger Chapman, Jr.