

Hopper, Soliday, Brooke, Sheridan Inc.  
Philadelphia, Pennsylvania

March 11, 1968

Hon. Manuel F. Cohen, Chairman  
Securities and Exchange Commission  
Washington, D.C. 20549

Dear Mr. Cohen:

We wish to comment on proposed rule 10-B-10 and point out the devastating effect it will have on regional firms.

Our firm is a medium size company (70 people) with four branch offices. Mutual Fund sales and reciprocal business are of vital importance to our business. For instance, in 1966 without reciprocal business from the funds we would have shown a loss for the period. In 1967 without reciprocal business, we would have had 60% less profit before taxes. The Mutual Fund bill now in Congress would, if enacted, make these figures much worse.

Many of our services to our clients are free (in effect, loss operations). To remove one of the few areas of the brokerage business that can be profitable to the smaller firms would require either an elimination of these services or a charge for them.

If 10-B-10 goes through as proposed, a few large national security dealers will be the prime beneficiaries. If regional firms and exchanges are forced out of business, many jobs will disappear, the financing and maintaining of markets for the security of local enterprises and municipalities will suffer immeasurably, and the entire structure of corporate finance as we all know it will change radically.

It is inconceivable to us that while a large segment of our Federal Government is spending millions to protect and encourage the small businessman via the S.B.A., anti-trust actions of the Justice Department, and numerous other activities, another agency of the same government is calling for regulations that could wipe out hundreds of small businesses over night.

The welter of regulations, forms, reports, etc. to which security dealers are currently subjected, is making the cost in time and money increasingly prohibitive to small dealers. For many, the prohibition of reciprocal business will be the last straw. To those of us who are in the business, the value of the small dealer to our

capitalistic system is vital. "Wall Street" is a capital distribution concept, not just a one-way street in Manhattan.

During your deliberations on rule 10-B-10, please view, the larger picture and its effects on our business and its customers. We urge you not to remove the head to save the cost of a haircut.

Sincerely,

Eugene Arnold, Jr.  
Executive Vice President