

Schwartz & Co.  
New York, NY

March 14, 1968

Securities and Exchange Commission  
Washington, D.C. 20549

In Re: Release 34-3239

Gentlemen:

We welcome the opportunity to make our views known on the subject discussed in the above cited release.

Our basic concern, selfishly, is the ability of the small independent broker to survive, let alone prosper, in the changing climate of the investment community. We see the Federal Government, through its administrative agencies, providing a protective, or even a paternalistic environment for the small business man, and in the process, preventing the industrial goliaths from achieving such unbridled growth as to trample the small competition in the industrial dust. This is in the best interest of all. I sincerely believe the same umbrella should be used to shelter the small broker, as it does the other small businessman.

Specifically, volume discounts if extended to institutional investors competing with brokers in serving public customers, would afford these institutions with an unfair competitive advantage. The institutions would quickly claim a lower cost of doing business as compared to direct investing through independent brokers. This increased institutional business would flow through the select few large brokerage houses servicing funds, who would then be compensated by larger volumes for their loss of direct public business. With fewer independent brokers able to survive and compete, the independent investor must ultimately suffer.

A more serious evil would result from reduced volume commissions. There has been a very substantial growth in the ranks of performance-oriented institutions and "investors". And reduction of the volume commissions would accelerate this already questionable practice, with foreseeable disadvantage to the independent investor and the financial community.

Broker-dealers not members of the New York Stock Exchange are obliged, whenever possible to trade these securities in the third market or on regional exchanges where dual listing sometimes occur. This is inefficient, costly, and removes many security transactions from surveillance and scrutiny so badly

needed. It would be far better if Broker-dealers were encouraged to trade listed securities on the exchanges where they are listed, and to be allowed to receive reasonable compensation, and in turn to be in a position to compensate their personnel for this activity. Naturally, all of the foregoing should be accomplished under rigid safeguards in the public behalf, as all other trading must be.

Yours truly,

Schwartz & Co.

Seymour D. Schwartz  
General Partner