

Mid-South Securities Co.
Nashville, Tennessee

March 26, 1968

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

Dear Mr. DuBois:

Exercising great restraint -- we tell you that we are completely appalled by your effort to impose Rule 10b-10 on the securities business.

Legalistic and semantic gymnastics aside, we feel that this is a willful and arbitrary effort on your part to create law by administrative fiat.

We pose a simple question. What possible rightful, legitimate benefit will accrue to the shareholder of a mutual fund?

If there is some clearly established economic or moral right being denied the owner of mutual fund shares, then in our opinion, corrective measures should be instituted in some entirely different way. We emphasize the word "if".

If your purpose is to destroy small dealers, then you are certainly on the right track with this proposal combined with your other various devices to add monstrous bookkeeping requirements while reducing our legitimate profits.

Interpretations of your proposal under Rule 10b-10 are difficult but as we understand the practical end result, firms like ourselves would be denied reciprocal business. Inasmuch as we and our counterparts have literally created the various load mutual funds, are we not entitled to some of the legitimate commissions created by our efforts?

Last year, our reciprocal business from mutual funds exceeded 25% of our net operating profit, before taxes.

The Commission has the incredible power of life and death over our industry. Such enormous power should be exercised gently with never the touch of the zealot.

Very truly yours,

M. B. Pilcher
Board Chairman

cc: Mr. Ralph E. Burgess, Chief Economist
National Association of Securities Dealers, Inc.
888 - 17th Street N.E.
Washington, D. C. 20006