

Woodard-Elwood & Co.
Minneapolis, Minnesota

March 29, 1968

Secretary
Securities and Exchange Commission
500 North Capitol Street
Washington, D. C. 20549

Dear Sir:

Re: Views and Comments on Proposed Rule 10b-10 and New York Stock
Exchange Proposal

We feel the proposed Rule 10b-10 would be punitive to a great many members of our industry. Its effect would give the large orders to the large brokers and very little to the regional member or non-member broker. It would have the effect of rewarding the mutual fund organization with a captive sales force and of penalizing the mutual fund that depends on the broker dealer organizations for research ideas and distribution.

We believe that a volume discount on commission will also result in the large firm receiving most large orders thereby penalizing the regional member or non-member firm. It would also reward the large institution and penalize the small institution who simply does not have the volume order. This may cause further disruption in orderly markets by the institutional investors. It will in time also tend to force more individuals to use the large institutions as an investment medium. We believe that reciprocity is of benefit to the public investor as he is served at the best market in that security at that time. Rather than having its commissions "leak" away as the New York Stock Exchange contended in its report, it is more true to say they have the benefit of a non-member sales force generating commissions for the members.

In conclusion, we believe the proposals tend to reward bigness and to penalize the regional or smaller broker-dealer and the smaller institution; and the long range effects of the proposals threaten the existence of the industry.

Very truly yours,

S. J. Marsh
President