

Dittmar & Company, Inc.  
San Antonio, Texas

February 20, 1968

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

Attention: Commissioners

Gentlemen:

The SEC has requested comment from the Investment Banking Industry regarding its proposed institution of Rule 10b-10, regarding customer-directed give-ups, as well as our views on the New York Stock Exchange rate structure proposal.

My fellow officers and I are unalterably opposed to the institution proposed by the Securities and Exchange Commission of Rule 10b-10, feeling it would be inimical not only to the interests of the Investment Banking Industry itself, but would be even more detrimental to the regional, and thus often smaller and independently owned and operated investment banking concerns. Additionally, we do not believe that profit and loss results taken from 1967 figures only are representative of industry profitability on average. To this point, therefore, if a study is to be made, it should be based on a longer period of time, perhaps a five year average being the most appropriate and fair on which to base a reasonable judgment.

With regard to the proposed New York Stock Exchange rate structure, we would agree with part of the NYSE proposal in that there should be some reduction in commission rates on large blocks of securities when traded as a block. However, we also believe that there should be an increase in commission rates on stocks selling at \$100 per share or more, in view of the fact that commission charges on such high priced securities do not, in our judgment, represent a fair return on the investment of capital, time and judgment involved in properly advising investors.

We would certainly hope that the entire Commission would study this matter in depth prior to instituting any rule, and, in conjunction with a full Commission hearing with interested and concerned Committees representing the position of our Industry.

I hope our opinions are of some use to you.

Sincerely yours,

Richard O. Arneson  
President