

Wood, Walker & Co.
New York, NY

February 27, 1968

Mr. Manuel Cohen
Securities and Exchange Commission
Washington, D.C.

Dear Mr. Cohen:

The position of the S.E.C. condemning, in its entirety, the practice of "give-ups" by the brokerage community is evidence of some confusion in the minds of your staff concerning the overall use of give-ups.

As the S.E.C. staff well knows, most of the mutual funds prefer to use four or five prime brokers for reasons of secrecy, increased marketability of blocks and simplification of paperwork. These same funds rely heavily on many brokers for sophisticated fundamental or technical research, for industry contacts, management meetings, market quotes, computer techniques and information, industry analysis, etc.

The latter group of brokers provide invaluable assistance and information to funds that directly benefit the fund's shareholders. There is no question that they are entitled to be paid for their services, and the funds do so by directing "give-ups" from their prime brokers or by direct commissions.

By eliminating give-ups you will inevitably concentrate all sizeable fund transactions in the hands of a few giant firms who specialize in block transactions and thereby slowly eliminate from the financial community the small or medium-sized firm that has built up a sophisticated institutional research department.

I have written this letter, because the S.E.C.'s present position regarding give-ups appears to be based entirely upon its objection to the payment of commissions in compensation for sales of the funds shares by registered representatives. A close reading of statements by the S.E.C. reveals that it is not "give-ups" that it objects to, but how commissions may sometimes be used to promote fund sales.

May I respectfully suggest that you should direct your attention to the purposes for which commissions are used rather than condemn the method by which commissions are paid.

Very truly yours,

Orson D. Munn

cc: Senator Jacob Javits
Senator Robert Kennedy
Rep. Otis Pike