

Southwick, Campbell, Waterman Co.
Seattle, Washington

February 28, 1968

Securities and Exchange Commission
c/o Mr. Orval L. DuBois, Secretary
500 North Capitol Street
Washington, D.C. 20549

Gentlemen:

In your release 8239, dated January 26, 1968, regarding the proposed Rule 10b-10, you invited comments regarding this proposal. This letter is in response to this invitation.

It appears as if the Commission is determined to eliminate any sort of reciprocal business from any Mutual Fund management to the dealers who distribute these shares. The matter of reciprocating in business is as basic as business itself.

Under the Rule proposed, it is obvious that all that will be accomplished is to force the few large broker-dealer firms, who execute orders for Mutual Fund managements, to keep all of the commissions. If the Commission is successful in implementing its proposed 5 percent limit on Mutual Fund sales and eliminating all reciprocal business, I think that many small dealers through out the United States will not be able to continue in business. Had these proposals been in effect these past several years, then my own firm would have operated at a loss.

The order of the day, even without these extreme rules which you are proposing, seems to be toward a few large dealers and the elimination of small firms. This has been the trend in our own community. As a small dealer, we have been approached by New York Stock Exchange firms who are eager to open a branch office in the city of Seattle and are interested in having our firm become a nucleus for the opening of such an office.

There is little doubt that the effect of these proposals will be to force the termination of many small firms such as our own. The alternative will be to become employees of what will develop into a few large broker-dealers.

No small part of the strength of our country has come from the opportunity of an individual to start and maintain a small business in competition with large firms. I think your proposal would be a mortal blow to the small dealers.

With the elimination of small dealers, the small businesses that are getting started and need working capital will suffer. We have been active in providing new capital for small local firms who cannot obtain capital otherwise. The large broker-dealers are not interested in financing small, unseasoned local situations.

I respectfully request that in view of the ramifications and damaging effects of this proposal, that it not be instated.

Sincerely,

Colin A. Campbell
President