Courts & Co.
Atlanta, Georgia

March 26, 1968

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

Re: Security Act of 1934 Release No. 8239

Gentlemen:

This is in response to your request for comments on --

(1) Proposed Rule 10b-10 under the Securities Exchange Act of 1934 and,

(2) The proposal of the NYSE for certain revisions in its commission rate structure, etc.

It should be made absolutely certain that the views expressed in this response are those of this writer and the partners of Courts & Co. with business offices in Georgia, Florida, Alabama, Tennessee, North Carolina and South Carolina.

We oppose the adoption of proposed Rule 10b-10 for many reasons. The main reason is, if implemented, it would put the regional firm such as Courts & Co. out of business. Only a few remaining giants located in NYC could survive.

There is no doubt the most efficient way to execute a large order is through a so-called "lead broker" who is usually domiciled in NYC. Even this broker under the proposed Rule would, in my opinion, be hard pressed if 10b-10 were without changes. It's simply impossible for some lead brokers to execute large orders without help from other floor brokers. As written, if other floor brokers were given part of the order the lead broker would be prohibited from receiving any of the commissions from said floor brokers.

Courts & Co. has no floor brokers, but rather uses a brokers' broker, Pershing & Co. in NYC. Pershing & Co. has no retail accounts, hence, the two firms do not conflict.

This writer is unable to legally determine the intent of 10b-10, but I suspect that Courts & Co. would be unable to enjoy any of the financial rewards from mutual funds as we now do in that --

(1) We have, and could continue to sell mutual funds.

(2) We could continue to solicit orders from the mutual fund management companies, but

(3) We would be unable to execute these orders at a financial reward as we do not have a floor broker, even though we do own a seat and clear on the NYSE, as well as certain other exchanges.

I have studied 10b-10, its footnotes, etc., as well as copies of replies by other parties. I repeat that if implemented the small regional firm will be a thing of the past. Who will service the small investor, the small company who wants its shares sold to the public, etc.?

I believe that mutual fund industry has been in existence prior to the 1930's -- why does the Commission now wish to implement 10b-10 on its primary contention of an anti-fraud provision of the Securities Exchange Act, Investors Company Act, and the Investment Advisors Act, when, in fact, the practice of give-up has been well-established for many, many years, and has been spelled out in the funds' prospectuses.

We strongly disagree that 10b-10 is financially, morally, or otherwise beneficial for the economy.

We go on record approving the five recommendations of the NYSE provided the rates to be established are such that the financial stability of the regional firms will not be jeopardized.

Sincerely yours,

Courts & Co.

McKee Nunnally
Managing Partner