

John J. Carroll & Co.
Vero Beach, Florida

March 29, 1968

Mr. Irving M. Pollack
Director
Division of Trading & Markets
Securities and Exchange Commission
500 North Capitol Street
Washington, D.C. 20549

Dear Mr. Pollack:

Subsequent to my letter of February 67, 1968, and following further study of SEC proposed Rule 10b-10, and the New York Stock Exchange proposals relative thereto, I find myself in disagreement with SEC proposals completely, and in agreement with the New York Stock Exchange proposals, with the possible exception of their plan to stop "leakage" of New York Stock Exchange commissions to regional exchanges and "The Third Market." Competition must be strengthened.

One thing is absolutely certain in my mind. As an economics graduate, I cannot see the various current proposals of the SEC doing anything but greatly reducing competition in the securities business. It doesn't take much of an economist to realize that if you greatly expand costs through such measures as the SEC's current proposals to just about double bookkeeping requirements (what appears to be unnecessarily -- most of the information on funds could come from custodian banks), and at the same time reduce by at least one-half our income by the current proposals to slash mutual fund commissions in half, eliminate the contractual plan and eliminate reciprocal, you will eliminate from the business, in my conservative judgment, at least 400 firms and 30,000 representatives.

In fact, I feel competition will be so drastically reduced that the anti-trust divisions will feel that the few remaining giant firms are in restraint of trade and break them up; and start all over again. It is to me unbelievable that an administration which purports to be in favor of competition is seemingly doing all it can to drastically eliminate competition and favor the giant firms of the securities business. Just what will be left of freedom?

It is my belief that the New York Stock Exchange and the NASD is currently blessed with perhaps the most ethical and most able leadership in their history. Certainly now more than ever before is the time for the SEC in cooperation with

this leadership to help strengthen the securities business, especially the smaller firms, rather than pressure them out of business. For the sake of a free society, I fervently hope so.

Most sincerely,

John J. Carroll