

Shuman, Agnew & Co.  
San Francisco, California

March 29, 1968

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

Dear Mr. DuBois:

As senior partner of Shuman, Agnew & Co. I am writing you in connection with the proposed Rule 10b-10.

In order to give you the background upon which I base my objections I should like to give you a brief description of this firm. We are strictly a regional organization with only one office and serving, primarily, individual investors. We are members of the New York Stock Exchange, American Stock Exchange and Pacific Coast Stock Exchange. We are underwriters, not only of local corporate and municipal securities, but of the larger national issues as well. We do practically no business in mutual funds, so the question of reciprocal brokerage business for sale of those funds is of only academic interest to us.

We have a small institutional department, the principal selling vehicle of the department being our research and knowledge of California corporations. We are not equipped to execute very large orders and are occasionally compensated for our research by give-ups.

Now as to the fundamental reason for opposing 10b-10. For some years I have been concerned over the increasing institutionalization of savings, not only because of its effect on regional firms, but also because of the possible impact on the free market as huge blocks of securities are tossed back and forth by the institutions. We have seen many examples of this in the past two years.

If 10b-10 is enacted into law it would result, in my opinion, in an acceleration of this trend and I can visualize the future capital markets controlled largely by the institutions and a few very large investment firms, a condition which would be very dangerous to the markets and the nation's economy. I believe that any steps taken by the SEC should be in the direction of retarding this trend rather than increasing it.

The backbone of the country is the individual investor with his own freedom of choice rather than the comparatively few institutions (many of whom seem to think alike), who provide wide gyrations in the prices of the securities in which they are interested. This may some day be a major hazard to our entire economic structure.

Respectfully yours,

J. Robert Shuman