

David B Hill and Company, Inc.  
Penn del, Pennsylvania

March 29, 1968

Honorable Manuel F. Cohen, Chairman  
Securities and Exchange Commission  
Washington, D.C. 20549

Dear Mr. Cohen:

We wish to comment on proposed Rule 10b-10 and point out the devastating effects it will have on regional firms. We are a medium size firm (100 people) with eleven branch offices. Mutual fund sales and reciprocal business are of vital importance to our business. For instance, in 1967, without reciprocal business we would have shown a loss for the period. The Mutual Fund Bill now in Congress could, if enacted, cause us to show a loss again in 1968.

Many of our services to our clients are free (in effect, loss operations). To remove one of the few areas of the brokerage business that can be profitable to the smaller firms would require either an elimination of these services or a charge for them.

If 10b-10 goes through as proposed, a few large national security dealers will be the prime beneficiaries. If regional firms and exchanges are forced out of the business, many jobs will disappear, the financing and maintaining of markets for the security of local enterprises and municipalities will suffer immeasurably, and the entire structure of corporate finance as we all know it will change radically.

It is inconceivable to us that while a large segment of our federal government is spending millions to protect and encourage the small businessmen, via the S.B.A., anti-trust actions of the Justice Department, and numerous activities, another agency of the same government is calling for regulations that could wipe out hundreds of small businesses over night.

The welter of regulations, forms, reports, etc., to which securities dealers are currently subjected is making the cost in time and money increasingly prohibitive to small dealers. For many, the prohibition of reciprocal business will be the last straw. To those of us who are in the business, the value of the small dealer to our capitalistic system is vital. "Wall Street" is a capital distribution concept, not just a ^one way street in Manhattan.

During your deliberations on Rule 10b-10, please view the larger picture and its effects on our business and its customers. We urge you not to tear down the house to save the cost of a new roof.

Sincerely,

James A. Wildguest  
Vice President