

Keystone Custodian Funds, Inc.
Boston, Massachusetts

August 21, 1968

Honorable Manuel F. Cohen, Chairman
Securities and Exchange Commission
500 North Capitol Street, N. W.
Washington, D. C. 20549

Dear Chairman Cohen:

Re: New York Stock Exchange Discount

In a letter to the Investment Company Institute dated August 9 you invited the views of the Institute and its membership on the proposals contained in the NYSE's letter to you, dated August 8.

What would constitute an appropriate discount depends on many factors, the principal one probably being its economic impact on the various types of members of the Exchange. In the absence of the relative data we cannot comment intelligently on the proposed rates. However, it does seem that any schedule which does not give appropriate recognition to aggregate dollars is seriously defective.

The NYSE schedule does not give such recognition within brackets. Thus, in the \$30 to \$90 range, whether a transaction is \$100,000 or \$10,000,000 does not affect the rate of commission.

The last sentence may be qualified by item 4 on page 3 of the NYSE letter which proposes a minimum commission of \$100,000 on certain transactions. As this is not stated to be also a maximum I am at a loss to understand what the proposal means. I can only guess that the commission on such transactions would be negotiable -- but may not be reduced below \$100,000.

The Commission's proposals of May 28 were based, in part, on the per-share price and, in part, on "value of trade". This approach seems to be clearly desirable, and a structure in which the per-round-lot commission can be the same on a "value of trade" of \$10 million as on \$100,000 would seem to flout a basic principle of quantity discounts.

Sincerely,

Wilfred Godfrey
Chairman of the Board