



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

January 11, 2011

W. Hardy Callcott, Esq.
Bingham McCutchen LLP
3 Embarcadero Center
San Francisco, CA 94111-4067

Re: In the Matter of Charles Schwab & Co., Inc. – Waiver Request under Regulation A and Rule 505 of Regulation D

Dear Mr. Callcott:

This responds to your letter dated today, written on behalf of Charles Schwab & Co., Inc. (“CS&Co.”), an SEC registered broker-dealer and investment adviser, and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933 (the “Securities Act”).

You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 that arose as a result of the entry on this date of the Order of the Securities and Exchange Commission in Release No. 33-9171 (the “Order”). You also requested relief from disqualifications under the current language of Regulation A and Rule 505 that arise as a result of the entry of any related state court order, judgment, or decree arising from the same facts and circumstances as those addressed in the Order. The proceedings resolved by the Order arose out of the offer, sale and management of the Schwab YieldPlus Fund, a fixed income fund marketed and distributed by CS&Co.

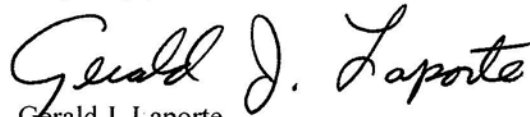
Certain sanctions imposed under section 15(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and section 203(e) of the Investment Advisers Act of 1940 (the “Advisers Act”) result in disqualification from exemptions otherwise available under Regulation A and Rule 505. The portion of the Order ordering CS&Co. to comply with certain undertakings, insofar as it was entered under either section 15(b) of the Exchange Act or section 203(e) of the Advisers Act, may be such a sanction. Among other things, it requires CS&Co. to comply with the undertakings set forth in the Order, such as correcting disclosures; retaining a qualified independent consultant; and establishing policies, practices, and procedures required by section 15(g) of the Exchange Act and section 204A of the Advisers Act.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Order. We also have assumed that CS&Co. will comply with the Order.

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On the basis of your letter, I have determined that you have made showings of good cause under Rule 262 and Rule 505 that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 by reason of entry of the Order or any related state court order, judgment, or decree arising from the same facts and circumstances as those addressed in the Order that results in disqualification under current law. Accordingly, pursuant to delegated authority, on behalf of the Division of Corporation Finance, and without determining whether or not any disqualification arose by virtue of entry of the Order, relief is granted to CS&Co. for any such disqualifications.

Very truly yours,

A handwritten signature in black ink that reads "Gerald J. Laporte". The signature is written in a cursive, flowing style.

Gerald J. Laporte
Chief, Office of Small Business Policy

W. Hardy Callcott
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January 11, 2011

VIA FEDERAL EXPRESS

Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-3628

Re: In the Matter of Schwab YieldPlus Fund (HO-10858)

Dear Mr. Laporte:

We submit this letter on behalf of our client, Charles Schwab & Co., Inc. ("CS&Co."), in connection with the settlement of the above-referenced matter, which followed an investigation by the U.S. Securities and Exchange Commission ("Commission") into the offer, sale and management of the Schwab YieldPlus Fund ("YieldPlus").

CS&Co. hereby respectfully requests, pursuant to Rule 262 of Regulation A ("Rule 262") and Rule 505(b)(2)(iii)(C) of Regulation D, both promulgated under the Securities Act of 1933, as amended ("Securities Act"), a waiver of any disqualification from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to CS&Co. and any of its affiliates as a result of the entry of the Administrative Order (as described below) and any disqualifying order, judgment, or decree of a state or territorial authority addressing the same conduct, and based on the same facts as the Administrative Order ("State Action").

CS&Co. respectfully requests that any such waiver be granted effective upon the entry of the Administrative Order or any State Action. It is our understanding that the Division of Enforcement does not object to the grant of the requested waivers.

BACKGROUND

CS&Co. is registered with the Commission as a broker-dealer and an investment adviser. Charles Schwab Investment Management ("CSIM") is registered with the Commission as an investment advisor. Schwab Investments a no-load, open-end management investment company and is registered under the Investment Company Act. CS&Co. and CSIM are wholly owned indirect subsidiaries of the Charles Schwab Corporation ("SCHW"), the shares of which are listed on the Nasdaq. SCHW is a reporting company under the Exchange Act.

The Staff of the Commission's Division of Enforcement engaged in settlement discussions with CS&Co., CSIM and Schwab Investments in connection with the above-described investigation. The discussions resulted in an agreed upon offer of

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settlement signed by authorized representatives of the Commission, CS&Co., CSIM and Schwab Investments. The Commission alleges that CS&Co. violated Section 17(a)(2) and (3) of the Securities Act, Section 15(g) (formerly 15(f)) of the Securities Exchange Act of 1934 ("Exchange Act"), and aided and abetted and caused violations of Section 34(b) of the Investment Company Act of 1940 ("Company Act"); CSIM violated Section 17(a)(2) and (3) of the Securities Act, Section 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 206(4)-8 thereunder, and Section 204A of the Advisers Act, and aided and abetted and caused violations of Sections 13(a), and 34(b) of the Company Act; and Schwab Investments violated Section 13(a) of the Company Act. The offer of settlement contemplates that the Commission will issue an order instituting administrative and cease and desist proceedings against CS&Co., CSIM and Schwab Investments ("Administrative Order").

CS&Co., CSIM and Schwab Investments neither admit nor deny the allegations in the Administrative Order except as to personal and subject matter jurisdiction, which they admitted, and they consent to the entry of the Administrative Order. As negotiated by the parties, the Administrative Order, among other things, orders CS&Co. to cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) and (3) of the Securities Act and Section 15(f) of the Exchange Act, and from committing or causing violations and any future violations of Section 34(b) of the Company Act; orders CSIM to cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act, Sections 204A and 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder, and from committing or causing violations and any future violations of Sections 13(a), and 34(b) of the Company Act; ordered Schwab Investments to cease and desist from committing or causing any violations and any future violations of Section 13(a) of the Company Act; censured CS & Co. and CSIM; and requires CS&Co., CSIM and Schwab Investments to comply with certain undertakings. A related civil judgment to be submitted simultaneously with the Administrative Order, and based on the same alleged violations, requires CS&Co. and CSIM collectively to pay a total of \$118,944,996 in disgorgement and penalties in to a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002. CS&Co., CSIM and Schwab Investments have undertaken to correct all disclosures regarding its taxable bond funds' concentration policy by reinstating disclosure of a 25% limit on investment in non-agency mortgage backed securities for purposes of its concentration policy; and to retain an independent consultant.

DISCUSSION

We understand that because the Administrative Order is an order of the Commission entered pursuant to Section 15(b) of the Exchange Act and Section 203(e) of the Advisers Act, CS&Co. and its affiliates may be disqualified from participating in certain offerings that are otherwise exempt under Regulation A and Rule 505 of

Regulation D under the Securities Act. The Commission has the authority to waive the exemption disqualifications of Regulation A and Rule 505 of Regulation D upon a showing of good cause that such disqualifications are not necessary under the circumstances.¹

Accordingly, CS&Co. respectfully requests that effective upon the entry of the Administrative Order or any State Action, the Commission waive the disqualification provisions in Regulation A and Rule 505 of Regulation D, to the extent they may be applicable to CS&Co. and any of its affiliates for the following reasons:

1. The Administrative Order does not relate to any offerings under Regulation A or Regulation D. Rather, the conduct alleged in the Administrative Order related to the offer, sale and management of YieldPlus.
2. CS&Co., CSIM and Schwab Investments have agreed to certain undertakings as set forth in the Administrative Order, and to the establishment of a fair fund in the amount of \$118,944,996. CS&Co., CSIM and Schwab Investments intend to fully comply with all applicable undertakings.
3. The disqualification of CS&Co. and its affiliates from the exemptions available under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe, given the nature of the alleged violation and the agreement by CS&Co., CSIM and Schwab Investments to settle the matter and comply with the terms of the Administrative Order. The settlement terms reflected in the Administrative Order were deemed to be a satisfactory conclusion of the matter by the Commission's Division of Enforcement staff, which does not object to the grant of the waivers sought herein. Furthermore, disqualification from the exemptions under Regulation A and Rule 505 of Regulation D would impose a substantial penalty on SCHW and CS&Co. not contemplated under the terms of the Administrative Order that could also harm potential investors in such offerings, and would not further the Commission's principal goal of investor protection.
4. The disqualification of CS&Co. and its affiliates from the exemptions under Regulation A and Rule 505 of Regulation D would, we believe, have an adverse impact on third parties that have retained or will retain CS&Co. and its affiliates in connection with transactions that rely on these exemptions.

In light of the foregoing, we believe that CS&Co. has shown good cause that relief should be granted from disqualification from the exemptions under Regulation A and Rule 505 of Regulation D. Accordingly, we respectfully request that, effective upon entry of the Administrative Order or any State Action, the Commission waive the

¹ See 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

Gerald J. Laporte
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disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent that they may be applicable to CS&Co. and any of its affiliates because of the Administrative Order.²

Please do not hesitate to contact me at (415) 393-2130 if you have any questions about this request.

Sincerely yours,



W. Hardy Callcott

² We note in support of this request that the Commission has in other instances granted relief under Rule 262 and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons. See 17 C.F.R. §§ 230.262, 230.505(b). See e.g., *In the Matter of Banc of America Investment Services, Inc. and Virginia Holliday*, S.E.C. No-Action Letter (pub. avail. Oct. 23, 2009); *In the Matter of Evergreen Investment Management Company, LLC and Evergreen Investment Services, Inc.*, S.E.C. No-Action Letter (pub. avail. June 8, 2009); *In the Matter of American Skandia Investment Services, Inc.*, S.E.C. No-Action Letter (pub. avail. Apr. 17, 2009); *In the Matter of Merrill Lynch, Pierce, Fenner & Smith Incorporated*, S.E.C. No-Action Letter (pub. avail. Mar. 11, 2009); *In the Matter of Banc of America Investment Services, Inc. and Columbia Management Advisors, LLC*, S.E.C. No-Action Letter (pub. avail. June 20, 2008).