



DIVISION OF
CORPORATION FINANCE

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

March 16, 1994

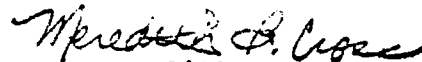
Mr. Peter J. Romeo
Hogan & Hartson
Columbia Square
555 Thirteenth Street, NW
Washington, D. C. 20004-1109

Re: Merrill Lynch, Pierce, Fenner & Smith, Inc.

Dear Mr. Romeo:

In regard to your letters of December 15, 1993 and February 18, 1994 our response thereto is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in your letter.

Sincerely


Meredith B. Cross
Chief Counsel

RECEIVED
OFFICE OF CHIEF COUNSEL
SECURITIES AND EXCHANGE COMMISSION

HOGAN & HARTSON

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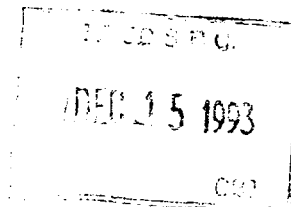
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December 15, 1993



BY HAND DELIVERY

Office of the Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Merrill Lynch, Pierce, Fenner & Smith, Inc.

Ladies and Gentlemen:

We are writing on behalf of Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch") to request your concurrence in our view that Rule 16b-2 under the Securities Exchange Act of 1934 ("Exchange Act") exempts the acquisition of securities acquired pursuant to automatic dividend reinvestment services offered by Merrill Lynch to its customers pursuant to Merrill Lynch's automatic investment of dividends service (the "AID service"). The AID service provides for the reinvestment of dividends in the same manner as would a dividend reinvestment plan ("DRIP") sponsored by the issuer of the security on which the dividend is paid. Accordingly, we are of the view that Merrill Lynch's automatic dividend reinvestment services qualify for the Rule 16b-2 exemption from Section 16(b) of the Exchange Act.

BACKGROUND

Merrill Lynch, like several other major brokerage firms, provides automatic dividend reinvestment services to its customers. These services enable customers to have the cash dividends that are paid on securities listed on the New York Stock Exchange, the American Stock Exchange, and the NASDAQ Stock Market that are held in their accounts automatically reinvested in additional shares of the same securities. The AID service is available to Merrill Lynch customers regardless of whether the issuer of the securities on which the dividends are paid offers a similar DRIP service to holders of securities of the same class. Merrill Lynch has previously provided to the Securities and Exchange Commission ("SEC") a detailed

