Dear Ms. Perry / Lewis:

Regarding my requests for rulemaking on the disclosure of institutional soft dollar brokerage costs and universal transparency of the uses of institutional client's* brokerage commission dollars (attached). I've noticed that my request has not been published on the SEC website. I don't know if this lack of publication is because of a filing defect, or because SEC staff considers my request irrelevant.

In either case, I've attached a letter which Senator Charles Schumer sent to Chairman of The SEC, Christopher Cox on July 20, 2007. I believe the third complete paragraph of Senator Schumer's (July 20, 2007) letter will provide further credibility and gravity to my request-for-rulemaking. In addition to attaching Senator Schumer's complete letter to this email, I've copied and pasted the third paragraph of that letter below:

> The July 2006 Release was lauded as an excellent first step towards addressing potential abuses of soft dollar practices, but its goals will only be fully realized with the necessary disclosure regime in place. So I was encouraged when, contemporaneously with the July 2006 Release, you publicly agreed to create proposed disclosure rules for public comment by the end of 2006. Rules on transparency and disclosure are not only desirable, but necessary, as fund boards and trustees have requested such guidance to properly discharge their fiduciary duties. Section 28(e) explicitly provides the SEC with authority to establish an appropriate disclosure regime for client commission practices, so these rules are both appropriate and necessary.

* **Institutional client's** like those who invest using in mutual funds, or who are beneficiaries of public and private pension plans, and corporate and personal trust account beneficiaries.

Thank you for your consideration of my request for rulemaking.

Sincerely,

Bill George

From: Perry, Naomi
Sent: Tuesday, May 24, 2011 4:49 AM
To: Bill George
Subject: RE: Request For Rule on File S7-09-05

Dear Mr. George,

Our office received your request for a rule mandating (universal) institutional brokerage commission disclosure and transparency on Wednesday, May 18, 2011. Paragraph (a) of Rule 192 of the SEC's Rules of Practice indicates that a rulemaking petition shall include a statement setting forth the text or the substance of any proposed rule or amendment desired. If you wish us to treat your submission as a formal rulemaking petition, please re-submit your request to rule-comments@sec.gov with such text or substance. Please also include your mailing address and a phone number.

Thank you.

Naomi P Lewis
Office of the Secretary
Securities and Exchange Commission

From: Bill George
Sent: Tuesday, May 24, 2011 7:59 AM
To: Perry, Naomi
Subject: Re: Request For Rule on File S7-09-05

Dear Ms. Perry / Lewis:

My letter to the SEC requesting a rule mandating **universal** institutional brokerage commission disclosure and transparency included three footnotes. The second footnote refers to the SEC Sunshine Meeting which was held on July 12, 2006 and the footnote includes a link at which the podcast of that Sunshine Meeting can be accessed and listened to. During that Sunshine Meeting there is discussion, and seemingly, a commitment by the commission to take-up a "second wing" of interpretive guidance. A "second wing" of interpretive guidance which would specifically treat the subject of transparency and disclosure in **all** institutional brokerage commission arrangements. The third footnote in my letter of request has a link to a letter which then Chairman of the SEC sent to then Senator Christopher Dodd. I am told Chairman Cox sent a similar letter to Congressman Barney Frank. Chairman Cox' letter requests that the U.S. Congress "repeal or substantially revise Section 28(e) of the Securities Exchange Act of 1934.". I believe Chairman Cox's letter was motivated to make this request out of a sense of frustration Chairman Cox may have had over trying to enforce section 28(e) in instances where full-service brokers claim they cannot place an objective value on the services they claim qualify for the safe harbor of Section 28(e).

I spent a good portion of my working career as an institutional broker, working at investment consulting firms and institutional agency brokerage firms. In this capacity I sold sophisticated investment analytic tools and third-party provided institutional investment research to pension plans, mutual funds and trust institutions. These services were always 'priced' and their prices were transparent and disclosed; and accounting was maintained. As an institutional agency broker it was always challenging to compete against full-service brokerage firms, which exchange brokerage commission dollars, directed by institutional investment advisors, for 'brokerage services' which are offered in bundled undisclosed (and non-transparent) brokerage commission arrangements.

In the mid-1990's the SEC engaged in "Inspection Sweeps" which the SEC claimed were intended to study the soft dollar practices of broker dealers, investment advisors and mutual funds. On September 22, 1998 the SEC released it's "Inspection Report on the Soft Dollar Practices of Broker Dealers, Investment Advisors and Mutual Funds" (See SEC website Special Studies Archive September 22, 1998) If you read Section III of the Inspection Report you will notice that the Inspection Sweeps were focused exclusively on institutional agency brokerage firms engaged in providing third-party research to institutional investment advisors. The Inspection Report, its flawed methodology, and the sense that the SEC would not engage in equal enforcement of Section 28(e) led many "institutional agency" brokerage firms to, leave the business or abandon the institutional agency (fully-disclosed) soft dollar brokerage commission business model. Some merely added proprietary services and discontinued their disclosure practices.

Subsequently, on a few occasions, it has seemed regulators might begin to address the potential for conflicts-of-interest in the exchange of favors that arises out of bundled undisclosed non-transparent institutional brokerage arrangements (occasions like: the era of Eliot Spitzer, the investigations and analysis of the events leading up to The Global Research Analyst Settlement, and the occasions when the SEC actually studies Section 28(e) releases interpretive guidance and states that it will need to release a "second wing" of "Interpretive Guidance" dealing with the disclosure and transparency in full service brokerage arrangements.

My request for rule was not intended to propose the specifics of what the rule should be. The SEC staff and the process for rulemaking seem far too evolved to make such an intention conform to reality. I merely intended to nudge the SEC toward regulation which the SEC seems to already know needs to be addressed.

Having said that, at your request, I will attempt to draft a new "Request for Rulemaking" *setting forth the text or substance of the proposed rule*. I will try to word the proposed rule in such a way that it allows for flexibility and is not overly confining, so it can get through the rulemaking process without undue effort on the part of public commenters, staff, commissioners, or the chairman of the SEC.

In the meantime, if anyone at the SEC cares to know more about my thoughts on the subject of soft dollar brokerage regulation, they can check some documents I have written which are posted at > http://www.scribd.com/Bill%20George

Thank you,

Bill George

May 27, 2011

Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission | submitted electronically to: rule-comments@sec.gov
100 F Street
Washington, DC 20549

Subject: Request for rulemaking mandating *universal* institutional brokerage commission transparency and disclosure (Reference Interpretive Release S7-09-5).

Dear Ms. Murphy, Ms. Lewis, Commissioners of The SEC and Chairman Schapiro:

This is my second request for rulemaking and SEC Interpretive Guidance on the appropriate procedures institutional advisors and institutional brokerage firms must use to prove they are in compliance with Section 28(e) of the Securities Exchange Act of 1934.

After submitting my first Request for Rulemaking on May 24, 2011 (see attachments) SEC employee Naomi Lewis stated, via email, that to comply with Paragraph (a) of Rule 192 of the SEC's Rules of Practice, I must provide specific wording for the rule which I'm requesting. Therefore, I am submitting this *suggested* wording of the proposed rule:

> All institutional brokerage commission payment arrangements must be transparent and disclosed.
>
> All institutional investment advisors and all brokerage firms conducting institutional brokerage are required to be prepared to substantiate that they are in compliance with Section 28(e) of the Securities Exchange Act of 1934.
>
> To that end, all institutional investment advisors and all institutional brokerage commission arrangements should be transparent and documented in ways that allow regulators (and institutional account owners) to easily determine that the costs of brokerage transaction execution have been fully-negotiated, and that the amount(s) paid-up* above those fully-negotiated costs of execution are reasonable in relation to the value of research and brokerage services provided. Further, the brokerage services exchanged for the commission amounts 'paid-up' must comply with current interpretations of qualifying services under Section 28(e) of the Securities Exchange Act of 1934.
>
> *Amounts 'paid-up' above the fully-negotiated costs of brokerage transaction execution are commonly known as 'soft dollars'.[1]

Thank you,

William T. George

[1] Please see SEC, OCIE, **Inspection Report: on the Soft Dollar Practices of Broker Dealers, Investment Advisors and Mutual Funds** published September 22, 1998 - Section II, item A *Soft Dollars Defined* at: http://www.sec.gov/news/studies/softdolr.htm

CHARLES E. SCHUMER
NEW YORK

COMMITTEES:
BANKING
JUDICIARY
RULES
FINANCE

United States Senate

WASHINGTON, DC 20510

July 20, 2007

The Honorable Christopher Cox
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Mr. Chairman:

I write to follow up on our conversation last week about the status of the Securities and Exchange Commission (SEC)'s guidance on Exchange Act Section 28(e). As you know, the purpose of my call was to seek clarification of your view of the safe harbor for certain "soft dollar" client commission practices, in which client commission dollars are used to procure research services.

After more than three years of studying all of the relevant issues surrounding client commission practices, the SEC released unanimous interpretative guidance on Section 28(e) in July 2006. This July Release was extremely well received, as market participants actively responded to, and relied upon, this interpretative release, which went into effect in January 2007. It was also helpful in bringing regulatory convergence with the UK's Financial Services Authority policy on the same subject.

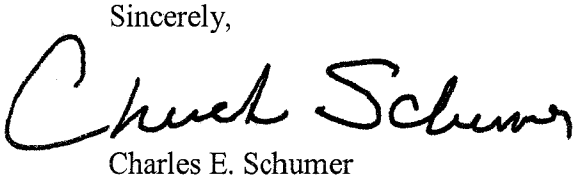
The July 2006 Release was lauded as an excellent first step towards addressing potential abuses of soft dollar practices, but its goals will only be fully realized with the necessary disclosure regime in place. So I was encouraged when, contemporaneously with the July 2006 Release, you publicly agreed to create proposed disclosure rules for public comment by the end of 2006. Rules on transparency and disclosure are not only desirable, but necessary, as fund boards and trustees have requested such guidance to properly discharge their fiduciary duties. Section 28(e) explicitly provides the SEC with authority to establish an appropriate disclosure regime for client commission practices, so these rules are both appropriate and necessary.

I have been outspoken over the past three years about the importance of a vibrant investment research industry with appropriate protections for investors. I believe the appropriate route to address this issue is the issuance of SEC rules as planned. In contrast, I believe there are significant drawbacks to an approach that includes drastic legislative changes which may create far-reaching negative effects on the investment research industry. This may be particularly true when those legislative changes are made without first fully exploring available agency-level solutions. In light of these concerns, please provide responses to the follow questions about the SEC's position on Section 28(e):

- The SEC's Guidance has only been fully in place for six months. What circumstances, if any, have changed in that time frame to warrant a change in your view of the appropriate treatment for the continued use of client commission arrangements?
- You recently stated that Congressional legislation may be necessary to address the problems associated with soft dollar commission practices. In light of the SEC's rulemaking authority and the fact that disclosure rules were recommended by the SEC's own Soft Dollar Task Force, what factors support additional legislation at this point in time?
- When do you expect the SEC to issue its Section 28(e) disclosure rules for public comment?

I look forward to hearing from you and to bringing closure on the issue of soft dollar guidance.

Sincerely,



Charles E. Schumer
United States Senator