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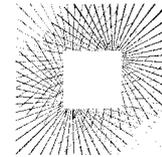
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September 1, 2006

Ms. Nancy Morris  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington D.C. 20549-1090



*The* **BANK**  
*of* **NEW YORK**

**Re: Commission Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934 (Release No. 34-54165; File No. S7-13-06)**

Dear Ms. Morris:

The Bank of New York, through BNY Securities Group and its broker-dealer affiliates, is pleased to submit this letter in response to the U.S. Securities and Exchange Commission's interpretive guidance and solicitation of comment on client commission practices (the "Guidance").

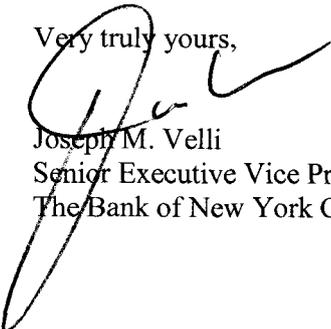
As we stated in our earlier comment letters to the Commission, we support the Commission's effort to update its existing Guidance with respect to Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)") and commend the Commission for its thoughtful and reasoned analysis. We are particularly pleased the Commission has clearly stated "the safe harbor encompasses third-party research and proprietary research on equal terms".

The Commission's further clarification of the eligibility criteria for "Research Services" and "Brokerage" will serve to remove the confusion that has existed in the marketplace regarding the use of commissions. Money managers now have certainty that the ultimate source of the product or service is irrelevant to the Section 28(e) analysis and their determination whether it provides lawful and appropriate assistance in the performance of their investment decision-making responsibilities. Also, as we have stated in the past, like the Commission, we think it is time to retire the phrase "soft dollars," which has caused so much confusion and brought undue scrutiny on legitimate client commission arrangements.

With regard to client commission arrangements, we are pleased that the Commission has recognized the need to "revise their interpretation of the safe harbor to address the industry's innovative Section 28(e) arrangements and permit the industry to flexibly structure arrangements that are consistent with statute and best serve investors". We believe this will provide money managers with the ability to more seamlessly seek best execution and improve their research and brokerage acquisition strategies, as well as help to achieve global regulatory convergence.

We thank the Commission for the opportunity to provide comments on the Guidance and would be happy to meet in person to discuss any of these issues with you at your convenience.

Very truly yours,

  
Joseph M. Velli  
Senior Executive Vice President  
The Bank of New York Company, Inc.