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July 20, 2006

Nancy M. Morris, Secretary
Securities Exchange Commission
100 F Street, N.E.
Washington D.C., 20549-1090

Reference: S7-13-06 / 34-54165

Dear Ms. Morris and SEC:

Congratulations on this Interpretive Guidance. I believe it is fair and clearly stated.

I am impressed that the release provides such a thorough outline of the history of Section 28(e). It also provides a very good outline the characteristics of services that qualify for the safe harbor of Section 28(e).

I am very happy that the SEC has decided to open the second "wing" of Interpretive Guidance by issuing further guidance on client commission disclosure, and commission transparency. The equal application of the Interpretive Guidance (S7-13-06) to both proprietary research and independent research necessitates that research be specifically identified and priced.

Bundling brokerage services and commission payments is an age old practice used, in part, to obscure how full service brokers allocate rewards and benefits to those they depend upon for order flow. As your interpretive guidance acknowledges, Section 28(e) was intended to provide a safe harbor for the practice of "paying-up" to receive qualifying research.

Without a clear accounting of what services are being provided to institutional fiduciaries it's impossible for the SEC, co-fiduciaries, and account owners to apply the necessary tests to determine if the services provided qualify for the Section 28(e) safe harbor. Without identification and disclosure it's also impossible to identify, or trace, who is receiving the benefits derived from the services provided. And, without clear accounting it's impossible to compare the value of the benefits received to their cost.

Transaction cost analysis has revealed that the cost of execution and clearing is between 1.5 to 1.75 cents per share for most institutional trades. Most institutions pay full service brokers 5 cents per share without disclosure of what benefits they receive in exchange for the excess commissions paid.(1)

I believe the lack of disclosure and transparency in institutional full service brokerage commission arrangements was a major contributor to the recent ethical crises in the full service brokerage industry (which the general public became aware of in late 2000). Therefore, I applaud your decision to issue Interpretive Guidance on disclosure and transparency in the use of institutional client's brokerage commissions.

In the words of Justice Brandeis "Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants; electric light the most efficient policeman." - *Other People's Money, and How the Bankers Use It* (1933).

Sincerely,

William T. George
http://www.home.earthlink.net/~wtgeo/

(1) See, SEC Commissioner Arthur Levitt's speech to the Securities Industry Association - November 9, 2000 (Section Headed: "Sticky" Brokerage Commissions).
http://www.sec.gov/news/speech/spch420.htm