

From: [Robert Braun](#)
To: comments@sec.gov
Sent: Tuesday, August 26, 2008 10:55 AM
Subject: File Number S7-22-08

Commission Guidance Regarding the Duties and Responsibilities of Investment Company Boards of Directors with Respect to Investment Adviser Portfolio Trading Practices

As a practitioner in the field, it becomes increasingly clear to me that the large brokerage houses are making every effort to cloud the issues surrounding this matter with the sole purpose of grabbing as much of the trading commission business as possible. It is no more complicated than that and all the discussions about CSA's, CCA's, soft dollars, transferring of fiduciary duties in all directions, etc. are no more than smoke screens.

It is with regret that I must further note that the SEC, by its confused and confusing decisions down to outright inaction for years, ever since the 1975 "May Day", enables the large brokerage houses to get away with it. There are certainly reasons for this inaction and one can only speculate what they are but the lobbying effort of the bulge-brackets is certainly a major negative factor.

The matter is very simple: the SEC needs to mandate "unbundling" trading costs from research and "other" services provided by the brokers to institutional investors. It is the only way of providing to the fiduciaries adequate tools to make informed and responsible decisions in the best interest of the investors who entrusted their savings to institutions which manage their money. Why could the British FSA do it and the SEC seems to be incapable of it?

Failure by the SEC to mandate such unbundling had - and threatens to continue having - numerous and increasingly negative effects of which I will only list a few:

- Concentration of trading in a few hands which in the end, like any oligopoly, can only increase the costs to the public and diminish the quality of the service.
- Contribute to the creation of financial entities "too-big-to-fail" which, as we have recently seen, end up again costing the tax-payer, i.e. the same public which was disadvantaged in the first place.
- Reduction and elimination of competition from the small brokers and small research outfits, a result contrary to the very foundations of the free market system.
- Creates an opaque environment that is fertile soil for all sorts of unethical actions by both sell-side and buy-side entity employees which need than to be disentangled by the legal system, if and when caught, again at great cost to the public and with very limited efficiency.

Bottom line is that, by failing to unbundle, the SEC is failing to serve the public and fails to fulfill its role of implementing the decisions of the Congress.

Sincerely,

Robert M. Braun, CFA

Trumbull, CT