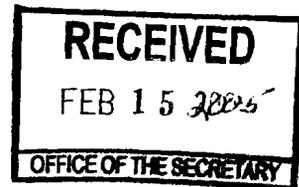


5

RALPH S. SAUL

3030 ONE LOGAN SQUARE
18TH & CHERRY STREETS
P.O. BOX 7716
PHILADELPHIA, PA 19192



215 523-5051

FAX 215 523-5055

February 7, 2005

Mr. Jonathan Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

File No. ST-40-04

ST-40-04

Dear Mr. Katz:

I am submitting these brief comments on the Commission's Concept Release on Self-Regulation.

The Commission staff has crafted an excellent analysis of the role of self-regulation under the securities laws and has carefully laid out alternative regulatory approaches. It is difficult, however, to comment on the Commission's release without having an insight into the Commission's thinking about the role of self-regulation and the Commission's relationship to the SRO's derived from its experience over the past seventy years. For example, what has the Commission learned from the more recent failures of self-regulation, e.g., the anti-competitive practices of NASDAQ market-makers, the allocation policies of investment bankers for "hot issues" during the internet boom, the dealer activities of NYSE specialist firms?

Specifically, it would be helpful to have the Commission's comments on such matters as:

- . How does the Commission currently manage the oversight and monitoring of the SRO's?
- . Can some of the failures of self-regulation in the past be attributed, in part, to lack of effective oversight by the Commission?
- . In light of what it has learned, has the Commission changed any of its management policies and procedures to improve oversight?

- . Where have the SRO's been most effective in enforcing the securities laws?
- . Has the separation of regulation from market operations at the NASD and the NYSE changed the Commission's relationship to those SRO's?
- . Have the Enforcement Division and the Office of Compliance Inspections and Examinations made any judgments about where the SRO's can be more effective in complementing the Commission in enforcing the securities laws, e.g., financial responsibility, selling practices, market conduct?
- . Are there areas of duplication between the Commission's inspection and enforcement activities and those of the SRO's that need to be rationalized or eliminated?

To summarize, I would like to see the Commission take a more empirical approach in evaluating the future role and structure of self-regulation.

Very truly yours,

A handwritten signature in cursive script that reads "Ralph S. Saul". The signature is written in dark ink and is positioned above the typed name.

Ralph S. Saul