

MEMORANDUM

TO: File S7-09-05

FROM: Marlon Quintanilla Paz
Division of Market Regulation

DATE: December 1, 2005

RE: Client Commission Practices Under Section 28(e); File No. S7-09-05
Meeting with Charles Schwab & Co., Inc.

On November 29, 2005, members from the Division of Market Regulation met with Jeffrey Brown and David Canter of Charles Schwab & Co., Inc. to review their comments included in Schwab's letter submitted in response to the proposed Commission guidance regarding client commission practices under Section 28(e) of the Securities Exchange Act of 1934. Topics discussed included: a description of the Charles Schwab Institutional division; the availability of the Section 28(e) safe harbor for bundled services made available to independent investment advisory firms; the definition of "brokerage . . . services" under Section 28(e); and a transition period before the effective date of final interpretive guidance.