

## MEMORANDUM

**TO:** File S7-09-05

**FROM:** Marlon Quintanilla Paz  
Division of Market Regulation

**DATE:** January 19, 2006

**RE:** Client Commission Practices Under Section 28(e); File No. S7-09-05  
Meeting with Instinet, LLC

---

On November 22, 2005, members from the Division of Market Regulation met with Michael Plunkett, Timothy Conway, and Jeffrey Letzler of Instinet, LLC and Richard Marshall, Alan Hoffman, David Pollock, and Reed Balmer of Kirkpatrick & Lockhart Nicholson Graham LLP to discuss Instinet's comments on the proposed Commission guidance regarding client commission practices under Section 28(e) of the Securities Exchange Act of 1934. Topics discussed included: the interpretation of "effecting" and "provided by" under Section 28(e); and aspects of commission-sharing arrangements under which research and brokerage services are provided under Section 28(e).