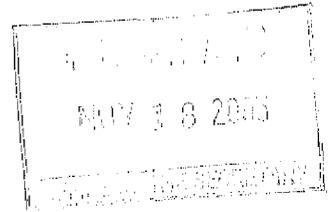




November 17, 2005

Mr. Jonathan G. Katz
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303



Re: Commission File No. S7-09-05 -15

Dear Mr. Katz:

The Investorside Research Association ("Investorside") is pleased to have this opportunity to comment on the proposed interpretive guidance regarding client commission practices under section 28(e) of the Securities Exchange Act of 1934.

Investorside is a Washington D.C. based non-profit organization formed to increase investor and pensioner trust in the U.S. capital market system through the promotion of investment research that is financially aligned with investor interests. Investorside is currently comprised of 74 independent research providers¹ that are certified by the association not to engage in investment banking, issuer consulting, or issuer sponsored research practices.

The goals of our organization are to: 1) increase awareness of the financial interests behind investment research; 2) educate investors as to how they can better align investment research with their interests; 3) promote fair representation of investment research to investors; 4) reduce regulatory and industry barriers to competition; and 5) promote Best Research Payment Practices through more transparency and separate accounting/reporting of research, trading and investment banking revenues and expenses.

¹ Certain Investorside members are, or have affiliations with, registered broker-dealers.

General Comments

Investorside lauds the issuance of the proposed interpretive release for three reasons: First, while replacing some sections of the Commission's 1986 release, this release broadly re-affirms the SEC's interpretation of Section 28(e), which reduces overall compliance uncertainty and puts to rest rampant speculation about the future prospects of client commission practices. Second, it re-affirms longstanding SEC policies supporting the use of client commissions to pay for third-party research, stating that "third-party research arrangements can benefit advised accounts by providing greater breadth and depth of research" available. Lastly, we are very pleased that the Commission has introduced the new term - "client commissions practices" - to refer to practices under section 28(e), to avoid confusion that may arise from the usage of the common industry colloquialism, "soft dollars."

Specific Comments

While Investorside agrees that the proposed interpretation has accurately identified the industry practices for which guidance would be most useful, Investorside respectfully submits that there are specific issues that the Commission's release does not address. The following is a brief discussion that highlights key items that Investorside believes require additional emphasis, further clarification, or should be added to the Commission's final interpretative release.

1. Time is of the Essence

As we have stated in prior comments submitted to the Commission, Investorside believes that time is of the essence in finalizing interpretive guidance on client commission practices. Unfortunately, the research industry has suffered a serious chill as a lack of clear regulatory guidance has caused many

institutional investors who use third-party independent research as part of their investment decision making process to reduce or eliminate their use of client commissions to pay for independent research.

While Investorside applauds the SEC for issuing this proposed interpretive guidance, we believe that until final interpretive guidance is presented to the industry, compliance uncertainty regarding client commission practices most likely will continue and third-party independent research providers in particular will continue to suffer. Investorside respectfully recommends that the Commission accelerate the interpretive guidance process after the expiration of the 30 day public comment period so that final guidance can be introduced to the industry by January 2006 at the latest.

The Commission also notes that it is considering whether to propose at a later time requirements for disclosure and recordkeeping of client commission arrangements. Investorside strongly supports the Commission's efforts to improve client commission disclosure and recordkeeping practices and recommends that the SEC address this very important issue as soon as possible. However, Investorside asks the Commission to ensure that any proposals for disclosure and recordkeeping requirements do not discriminate between proprietary and independent research arrangements.

2. Emphasize the Use of the Term "Client Commissions"

Investorside applauds the Commission for introducing the new term "client commissions" to avoid confusion that may arise from the usage of the common industry colloquialism, "soft dollars." However, Investorside believes that in order to promote the widespread industry use of the term "client commissions," the Commission should more strongly emphasize the new naming convention within the text of the interpretative guidance.

3. Clarify what is Longstanding SEC Policy and what is New Guidance

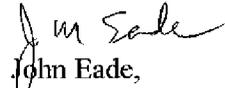
While the proposed interpretive release summarizes and puts into context prior SEC guidance regarding Section 28(e) of the Exchange Act, Investorside recommends the Commission more clearly identify in the final release what is a summarization of longstanding SEC policy and what is new guidance. Section III of the proposed release states that the Commission is “proposing a revised interpretation that would replace Sections II and III of the 1986 Release,” and is “not replacing other sections of the 1986 Release.” Investorside recommends that the final interpretive release include a more detailed discussion (or perhaps a graphic table) that contrasts existing Commission guidance with what is introduced in this release.

Investorside believes that such a comparison is particularly important for the discussion of third-party research and commission-sharing arrangements under Section III G of the proposed interpretive release. Given the overall compliance uncertainty surrounding third-party research arrangements, Investorside believes it is extremely important that the Commission clarify in a straightforward manner what is existing policy and what is new guidance regarding compliance requirements for broker-dealers that engage in such arrangements. It may also be helpful if the Commission were to include in its discussion examples of common third-party research and commission-sharing arrangements and discuss how such arrangements would be affected by the SEC’s new guidance.

We thank you for having this opportunity to comment on the proposed interpretive guidance and hope these comments assist the Commission in formulating its adopting release regarding client commission practices under section 28(e) of the Securities Exchange Act of 1934.

Mr. Jonathan G. Katz
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Sincerely,



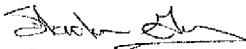
John Eade,
Co-Founder and Chairman, Investorside Research Association
President, Argus Research Corporation



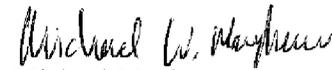
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Co-Founder and Director, Investorside Research Association
Chief Executive Officer, Precursor



Doug Atkin
Director, Investorside Research Association
President and Chief Executive Officer, Majestic Research



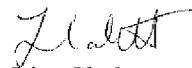
Stanton Green
Director, Investorside Research Association
Chief Executive Officer and President, Vista Research LLC



Michael Mayhew
Director, Investorside Research Association
Chief Executive Officer, Integrity Research Associates



Howard Schilit
Director, Investorside Research Association
Founder and Chairman, Center for Financial Research and Analysis



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