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Mr. Jonathan G. Katz, Secretary  
Securities Exchange Commission  
100 F. Street N. E.  
Washington, D.C. 20549-9303

**Subject: S7-09-05**

Dear Mr. Katz:

Recent comment letters responding to The Commission's Proposed Interpretive Guidance on Client Commissions Under Section 28(e) of The Securities Exchange Act of 1934 have suggested significant changes to the interpretation and design of commission sharing arrangements (CSAs). I am hopeful The Commission will consider these proposals in the context of the history of the brokerage industry.

Full service brokers and their investment banking divisions control the manufacture and the distribution of the brokerage product (securities). Since the year 2000 the numerous prosecutions by the New York State Attorney General, the SEC, and the numerous Senate and Congressional hearings on conflicts-of-interest and similar issues have focused the public's attention on how powerful a few monolithic full service brokerage firms are.

Bundled commissions and opaque accounting provide these monolithic brokerage firms with significant market advantage. To asset managers they offer mutual fund distribution, a late trading window, wrap account introduction, first calls IPO allocation - and "flipping" with a short holding period). To investment banking clients they offer massive distribution capabilities with lock-ups (lock-ups seem to be only for retail clients) and allocation of IPOs to decision makers. All for a six cent per share bundled commission. There is no transparency, and disclosure is inadequate.

Over the years these powerful advantages have put full service investment banking brokerage firms at the nexus of order flow. By definition they are the "Execution Service Providers". They also are the undisclosed quid-pro-quo providers.

These full service brokerage firms have no interest in the economic vitality of independent unbiased research, quite the contrary. And their bundled brokerage commissions provide little or no information to further the cause of fiduciary oversight or Section 28(e) enforcement. To suggest that these same firms become the overseer and distributor of soft dollar commission premiums seems to ignore these facts. Any structure or mechanism that serves to separate the free negotiation of research valuation (and pricing) between fiduciaries and independent research providers should be studied with great suspicion.

Now is the time for full service brokerage firms to provide clear, transparent, detailed accounting of brokerage commissions. It's not the time to introduce another opportunity for conflicts of interest.

Thank you,

William T. George