October 15, 2004

The Honorable William H. Donaldson
Chairman
U.S. Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0506

Re: File No. 7-25-99
Release No. IA-2278, Certain Broker-Dealers Deemed Not To Be
Investment Advisers

Dear Chairman Donaldson:

We are aware that the Consumer Federation of America ("CFA") recently
submitted a supplemental comment letter\(^1\) to you after the expiration of the comment
period on the above referenced proposal.

While we do not believe it is necessary for SIA to re-address matters which we
have already addressed in detail within the allotted comment period, we do wish to call
your attention to a statement in CFA’s recent letter which militates strongly in favor of
adoption of the final rule. Specifically, the CFA letter states that:

"CFA fully supports the notion that method of compensation should not
determine the applicability of the Advisers Act..."\(^2\)

While various commentators may have differing views on matters such as what
constitutes an advisory activity, or the respective merits of the regulatory regimen
applicable to broker-dealer and investment advisers, none, including CFA, appear to
disagree with the notion that the method of compensation should not be determinative of
whether a brokerage or advisory relationship exists. The only substantive modification
which the current proposal would make to the definition of an investment advisory
activity is with regard to the method of compensation. Therefore, it is inherently
contradictory for CFA to support that "notion" and at the same time oppose the rule
proposal which would make that notion a reality.

\(^1\) Letter from Barbara Roper, Director of Investor Protection, Consumer Federation of America, October 5,
2004.
\(^2\) Supra at p. 5.
We hope the Commission will proceed expeditiously with adoption of the final rule.

Sincerely,

Marc E. Lackritz
President

cc: Commissioner Paul Atkins
Commissioner Cynthia Glassman
Commissioner Harvey Goldschmid
Commissioner Roel Campos
Paul F. Roye, Esq.
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