

September 1, 2004

Mr. Jonathan Katz
Secretary, Securities and Exchange Commission
450 5th Street, NW
Washington, DC 20549-0609

Re: File Number S7-26-04; Proposed Regulation B

Dear Mr. Katz:

The following are Linsco/ Private Ledger Corp.'s ("LPL") comments on proposed Regulation B ("Reg. B"). LPL is the nation's largest independent broker-dealer, with approximately 5,800 Registered Representatives. LPL is a provider of third-party networking arrangements ("Programs") to banks and credit unions. Currently, LPL has almost 400 bank and credit union Programs throughout the United States.

Our comments are as follows:

Referral Fees

Reg. B provides some very specific guidance on remuneration that can be received by unlicensed individuals. Clarification on some items are still required.

- Payment of the referral fee to the unlicensed individual. There is no discussion on which organization (e.g. bank, thrift, credit union, or broker/dealer) may make the referral fee payment to the unlicensed individual. Some confusion exists within the third party networking industry on which entity may make the payment. This should be addressed in Reg. B.
- Sales Contests and Bonuses. Community based financial institutions need to maintain creativity in the design and structure of their investment programs. Contests and raffles should be permissible in addition to, and not be part of, the one time payment of a referral fee. For example, a sales contest where the name of an unlicensed individual is entered into a drawing each time that the person makes a referral or if the person makes a certain number of referrals, should be permitted in addition to the payment of an initial referral fee. Additionally, bonus compensation for the unlicensed individuals also should not be restricted by the payment of an initial referral fee. Reg. B should reflect that such sales contests and bonuses are not aggregated into the

nominal or one time definitions. This tiered approach will allow financial institutions to continue to use creative and effective means to design referral programs. Permitting such flexibility will not raise the unlicensed person's activity to that of a salesperson.

Licensing of Trust Officers

Many of the banks that LPL works with are community banks. In these institutions it is often cost prohibitive to have completely separate trust and networking operations. Therefore, there is often a desire to have a trust officer licensed as a registered representative to perform networking duties. Although Reg. B does not speak to this matter directly, we believe that Reg. B should address the ability of such persons to be registered representatives and the restrictions and duties (e.g. supervisory), if any, that should accompany their activities or the regulated entities' activities when such individuals are acting in their respective capacities.

Any further clarification on this matter would be greatly appreciated. We appreciate your consideration of these comments.

Very truly yours,

(signed)
Keith H. Fine