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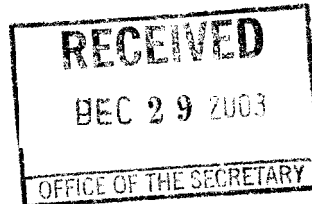
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**TOD PARROTT**

December 23, 2003

Jonathan G. Katz  
Secretary  
US Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549



Re: Response to SR-NSCC-2003-21

Dear Sir:

As a consultant with **40** years of experience in the mutual fund and separate account industry, I respectfully submit this letter in opposition to the National Securities Clearing Corporation's ("NSCC's") Proposed Rule 59.

First, I would like to express my concern regarding Rule 3a-4, the "safe harbor" provision, which is the cornerstone of the uniqueness of separate accounts. Furthermore, I would like to express my concern about the NSCC's stated justification for Rule 59, in particular their attempt to make this unique personal niche of the investment management business, the "individually managed accounts" (a/k/a "IMA" or "WRAP" programs), more like the mutual fund industry. Amidst the prevalent mutual fund industry, E.F. Hutton introduced the IMA concept to the marketplace in the depths of the market trough in 1974. As a testament to the unique character of this new product, the IMAs were extremely well received when they were introduced despite the mutual fund industry's presence in the market for over 50 years.

One unique attribute of the IMAs is that they address the needs of the high net worth ("HNW") investor, whereas the administrators of the mutual fund business have done nothing to accommodate the unique needs of the HNW investor. In particular, IMAs provide:

- unique taxlot ownership;
- the ability to make restrictions to portfolios for values based, legal, social or career conscious reasons.

The HNW investor was willing to pay more for these services, which had the effect of creating a distinct specialty business. This portion of the investment management business has grown significantly faster than mutual funds, especially since the market break in 1987.

In the early years, these services did cost more as the service providers grappled with a more difficult and complex product offering. In fact, the media frequently called this particular approach a "rip off." Today, however, thirty years and 400-800 billion dollars later, this successful entrepreneurial endeavor boasts a growing legion of new participants seeking to become involved.

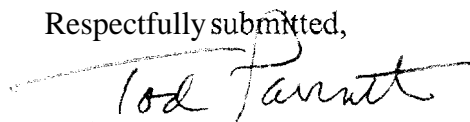
Interestingly, the **IMA** investor appears to be happy with personal goal-oriented performance results, while paying competitive fees that are much more transparent than mutual funds. The bottom line is that the stewards of this business have done an admirable job administering the IMAs during periods of positive growth and, possibly more significantly, during times when the markets have melted.

MY Question and Comment:

Why at this juncture do we need a government-subsidized enterprise interfering in a well running industry? My answer would be that the **IMA** industry needs this no more than we need Elliott Spitzer setting fee levels for the mutual fund business. It is simply too political.

My bottom line as a professional and as a customer who both appreciates business nuances and investor needs within the IMA industry is that I believe there is plenty of mess to be cleaned up administratively in the **80** year-old mutual fund area before we should seek the NSCC's help on a new platform.

Respectfully submitted,

A handwritten signature in black ink that reads "Tod Parrott". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Tod Parrott

Mutual Funds/Separate Accounts Consultant