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Comments on proposed interpretive release on Section 28e of the Securities Exchange Act of 1934 as amended. S7-09-05

It would seem to this commentator that the one question left out by this Release is:

“Should the Commission seek to have the Congress repeal Section 28e of the Exchange Act?”

This Section was passed in the era of fixed commission rates, which were much too high. Today, commission rates for executions are at all time lows, with ½ cent per share almost the norm for large institutional trades.

I can remember times during the legislative congressional hearings, many of which I attended, when the argument was made that if there were no “soft dollars” allowed, all research would dry up and disappear. The securities industry would collapse.

This was another “chicken little” argument, mad by many of the same players who said the entire securities industry would collapse under negotiated commissions.

Taking the Winston Churchill line, when commenting on Adolph Hitler’s threat that he would wring Britain’s neck like a chicken, Sir Winston retorted, “Some Chicken; some neck!”

Quality research has value and should be sold or leased based on the market’s assessment of its value.

If asked the unasked question I have postulated, I would reply with a resounding “YES!”

I respectfully request the Commission to add this question to their Release.

Very truly yours,

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