Potts Financial Corporation  
Miami, Florida  

January 29, 1968  

Securities and Exchange Commission  
Washington, D.C. 20549  

RE: SEC proposed rule 10b-10  

Gentlemen:  

I have just read Securities Exchange Act of 1934 Release No. 8239, describing Rule 10b-10 which the Commission proposes to adopt.  

This rule would be grossly discriminatory:  

AGAINST broker-dealers not members of NYSE;  

FAVORING NYSE member firms.  

The rule would make it impossible for any investment company underwriter to direct any give-up commissions so as to favor the non-NYSE-member broker/dealer.  

But it would allow full freedom to investment company underwriters to give business directly to NYSE member firms as a reward for selling the shares of the investment company.  

The proposed rule will not eliminate reciprocities. It will simply make them a near-monopoly of NYSE member firms, at the expense of many NASD members who are now deriving some benefit from them.  

Although I do not oppose elimination of reciprocities, I do strenuously oppose adoption of this proposed rule, on the grounds that (1) it will not effectively eliminate the practices that the Commission seeks to eliminate; and (2) it will be obnoxiously discriminatory against many smaller broker/dealers not members of NYSE.  

Sincerely,  

R. Frazier Potts
cc: National Association of Securities Dealers, Washington
Investment Company Institute, New York