Bill George
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September 21, 2006

Ms. Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549-1090

Subject: Public Comment on Disclosure, Transparency and the Misreporting Soft Dollar Brokerage Commissions – file: S7-13-06

Dear Ms. Morris and SEC Commissioners:

I my opinion, it's regrettable that there is a "hard" closing date on SEC comment periods.

It seems that many commenters use the hard closing date tactically. They communicate their comments at the last minute, and their comment is then published without the opportunity for rebuttal in the same public forum. I think the delay in closing the Comment Period on the Proposed Interpretive Guidance provided the opportunity for lively and informative discussion and improved the process.

I believe the comment letters from Ms. Elizabeth Krentzman, of the Investment Company Institute (ICI), and from Mr. Henry Hopkins, of T. Rowe Price Associates, both dated September 7, 2006 (the comment period closing date) are good examples of the tactic of making comment without risking rebuttal in the same public forum.

Because the requests to the SEC contained in these letters have gotten some attention in the investment industry press, I wrote a 'Letter To The Editor' of one of the publications that ran an article referencing the Krentzman and Hopkins letters and their requests for "a level playing field". I think my letter to the editor of Crain's **Investment News** provides a valuable perspective and counterpoint. I am enclosing a copy of my letter to the editor for your consideration.

Thank you,

Bill George

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Bill George

From: "Bill George" <bgeo@earthlink.net>
To: <bgeo@earthlink.com>
Sent: Thursday, September 21, 2006 8:15 AM
Subject: To InvestmentNews.Com

ICI to SEC: Make Soft Dollar Rules Equal For All
by Sara Hansard
Crain's Investment News - September 18, 2006 - Page 17

Dear Editors of Investment News:

Sara Hansard's article mentions recent comment letters to the SEC which request that regulators mandate and enforce a "level playing field" for regulations relating to the appropriate use of institutional clients' brokerage commission dollars. The letters Ms. Hansard mentions were submitted by Ms. Elizabeth Krentzman, General Counsel of the Investment Company Institute (ICI), and by Mr. Henry Hopkins, General Counsel of T. Rowe Price Associates. These letters request that regulators mandate that *all* advisors be prohibited from using soft dollars to acquire any services outside the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. (The complete text of these comment letters can be seen at > http://www.sec.gov/comments/s7-13-06/s71306.shtml)

I believe that such a mandate would be the wrong approach for regulating the use institutional clients' brokerage commissions and for ensuring that, in the words of Mr. Hopkins, ". . . all advisors treat their clients equitably in connection with their use of brokerage". I believe that the correct approach for ensuring that "all advisors treat their clients equitably in connection with their use of brokerage", is to mandate disclosure and transparency in *all* institutional brokerage arrangements. *All* services provided by *all* brokerage firms and paid for by advisors, should be defined and disclosed so that consumers and regulators can determine which services qualify for the safe harbor of Section 28(e) and so they can also know which services were acquired by fiduciaries using their professional investment discretion. Such mandated unbundling and disclosure of brokerage services and client commission expenses would allow mutual fund directors, plan trustees, and regulators to oversee institutional brokerage arrangements. It would also allow account owners and plan beneficiaries to evaluate if they are receiving the "direct benefit" from the uses of their commission dollars. This would create a much more efficient approach to oversight by allocating the benefits of oversight to those who are compensated for oversight (compensated either as fiduciaries, or as beneficiaries).

In her comment letter, Ms. Krentzman expresses a concern that advisors who are exempt from Section 28(e) or the requirements of ERISA might gain favoritism from brokerage firms because these exempt advisors can spend clients' commission dollars in ways that non-exempt advisory operating structures cannot spend clients' brokerage commissions. Reflecting back on history, this concern seems odd. Until recently compliance with Section 28(e) hasn't seemed to be an issue. And Section 28(e) and ERISA haven't prevented some mutual funds from effectively competing for brokerage "services". They haven't seemed disadvantaged when mutual fund complexes spend commissions to gain "shelf-space" for their managed products, and they seem to get wrap account and asset management engagement introductions from wirehouses without significant difficulty, and I haven't heard any non-exempt advisors complain (publicly) about the size of their allocation in hot IPO's, and accomadations for "flipping" them during the "stabilization period" . . . and a little late trading, no problem. It's all in the bundle.

Sincerely,

Bill George