



Securities Industry Association

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October 27, 2004

Robert L.D. Colby
Deputy Director
U.S. Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549

**Re: Collection Practices under Section 31 of the Securities Exchange Act
(17 C.F.R. Parts 200, 240, and 249)**

Dear Mr. Colby,

The Securities Industry Association (“SIA”)¹ is submitting for your information replacement language for the terms “Section 31 Fee” or “SEC Fee” currently used on customer confirmations. As stated in the order approving the above referenced rule, members are under no obligation to pass the fee to their customers, however, if they choose to do so, it should not be referenced as a Section 31 Fee or SEC Fee.

Despite this clear direction, firms have been reluctant to change their confirmations because they believe customers may be confused if firms adopt differing terminology to describe this fee. There is consensus among the broker-dealer community that a consistent approach to labeling the fee is preferable. The goal of the new term is to create uniformity and to minimize any customer misunderstanding, while accurately reflecting the origin of the charge that is being transmitted. Accordingly, on behalf of its member firms, SIA has recommended use of the term “Regulatory Fee” or “Reg Fee” to replace “Section 31 Fee” or “SEC Fee,” which currently is being used on customer confirmations. SIA believes the term “Regulatory Fee” or “Reg Fee” is an accurate description and consistent use of these terms across the industry will alleviate customer

¹ The Securities Industry Association, established in 1972 through the merger of the Association of Stock Exchange Firms and the Investment Banker's Association, brings together the shared interests of nearly 600 securities firms to accomplish common goals. SIA member-firms (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. According to the Bureau of Labor Statistics, the U.S. securities industry employs 790,600 individuals. Industry personnel manage the accounts of nearly 93-million investors directly and indirectly through corporate, thrift, and pension plans. In 2003, the industry generated \$213 billion in domestic revenue and an estimated \$283 billion in global revenues. (More information about SIA is available on its home page: www.sia.com.)

confusion as firms discontinue the previously-used terms. We have discussed use of these terms with representatives from the New York Stock Exchange, Inc., the National Association of Securities Dealers, Inc., and the American Stock Exchange, Inc. and they have not objected.

If you wish to receive additional information or would like to discuss this matter further, please feel free to contact John Panchery at 212-618-0559 or jpanchery@sia.com.

Sincerely,

Donald D. Kittell
Executive Vice President
(212) 618-0526

CC: Richard G. Ketchum, Chief Regulatory Officer, NYSE
Mary L. Schapiro, Vice Chairman, NASD