

The Adams Express Company
New York, NY

March 28, 1968

Securities and Exchange Commission
500 North Capitol Street
Washington, D.C. 20549

Dear Sirs:

The Adams Express Company submits its comments on the Commission's proposed Rule 10b-10 under the Securities Exchange Act of 1934 in response to the invitation expressed in Release No. 8239 (the Release).

The Release states that the proposed rule is limited in scope and is intended to deal primarily with the conduct of fiduciaries in the context of present give-up practices.

We believe the scope of the proposed rule is much too broad insofar as investment companies are concerned.

On page h of the Release there are described practices associated with customer-directed give-ups that are presumably the reason for the proposed rule. The Release quite clearly indicates that those practices are followed by investment managers of mutual funds. Yet the proposed rule would also effectively prohibit use of give-ups by closed-end companies such as Adams and its subsidiary American International Corporation (AIC), except in very limited circumstances, while permitting their use by institutional investors that are not registered investment companies. That this approach is inappropriate is further demonstrated by the fact that neither Adams nor AIC has an investment adviser within the meaning of the Investment Company Act of 1940.

It seems apparent that it is within the power of the Commission to prohibit practices it deems objectionable without proscribing the use of give-ups and related practices by closed-end investment companies.

We hesitate to suggest appropriate revisions of the language of proposed Rule 10b-10 because we believe that the particular practices that the Commission may find objectionable should be more clearly identified and, if action is necessary, proscribed only by more definite language that does not prohibit unexceptionable practices such as the use of customer-directed give-ups for the benefit of persons who supply research information.

We wish to reserve comment on the proposals of the New York Stock Exchange until such time as we have more explicit information concerning the amount and type of the proposed volume discount.

Very truly yours,

The Adams Express Company

By: John F. Summer, Treasurer