

Mr. COHEN. Well, if I can complete my answer to the question put that I was just dealing with, I may deal with some of the matters you have raised, Mr. Watkins, and if I haven't I will be glad to expand it in any way that you wish me to.

Mr. WATKINS. I am sure that the Commissioner has the exceptions I have taken. You have read those exceptions I judge, haven't you?

Mr. COHEN. I have read most of the transcripts, yes, sir, and I think there may be a little disagreement of opinion, but perhaps I can persuade you today.

Mr. WATKINS. If I am not correct, will you correct me on this. I understand the State of California, which State our distinguished chairman is from, I take no exceptions with this, that for many years there has been the opinion that the sales load was at about 10 percent, and I find that other States run anywhere from 9 to 15 percent.

Mr. COHEN. Mr. Watkins, those States don't direct that fee. They permit the payment of that fee.

Mr. WATKINS. That is right. Now you say you are not infringing upon State rights.

Mr. COHEN. No, sir, I am not.

Mr. WATKINS. You are setting down a rule that it will be five percent in every State of the Union, wouldn't it?

Mr. COHEN. There is no State in the Union that requires the payment of any fee because many no-load funds are sold in those States.

Mr. WATKINS. That is true.

Mr. COHEN. Now if the Congress believes that this is a national problem, and it decided this a long time ago, 27 years ago, and determines to adjust the statute now to meet current needs and obligations, this is no infringement at all. It is perfectly consistent with States rights and State provisions.

Mr. WATKINS. I think you don't need to pursue it any further. I think it is an infringement, with all respect to you. I am certainly of the opinion that it is a competitive business. Are you?

Mr. COHEN. It is a competitive business in the manner in which I have described it. It is a business which—

Mr. WATKINS. You say it is a competitive business.

Mr. COHEN. In the manner in which I have described it, Mr. Watkins.

Mr. WATKINS. Why with a competitive business, why should your Commission or why should I in the Government become the mother and go into competitive business where it is a free enterprise and has the right to operate.

Mr. COHEN. Because the Congress already did that in 1940 by putting this price fixing scheme in the statute. That is not competitive business. This is what I was trying to speak to at this particular time. The statute now, and since 1940, interferes with competitive business in this area.

Mr. WATKINS. Not to the extent that you are proposing.

Mr. COHEN. I am sorry, sir. The statute is unequivocal. No person, no matter where he gets it, from the issuer, from another dealer, or even from a private person, no broker-dealer may sell a share of a particular fund at a price less than that fixed by the issuer.

Mr. WATKINS. True.