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OFFICE OF THE SECRETARY

VIA OVERNIGHT COURIER

Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: Securities Exchange Act Release No. 47110;
File Nos. SR-NYSE-2002-49 and SR-NASD-2002454

Dear Mr. Katz:

Credit Suisse First Boston LLC ("CSFB") welcomes the opportunity to comment on Securities Exchange Act Release No. 47110, which publishes proposed changes to the rules of the New York Stock Exchange ("NYSE") and National Association of Securities Dealers ("NASD") (collectively "SROs") that are designed to enhance the independence of research analysts.[1] CSFB strongly supports the efforts that have been made by Congress, the SROs and the U.S. Securities and Exchange Cornmission ("SEC" or "Commission") on this issue.

CSFB would like to offer the Commission its views on one specific aspect of the rule amendments proposed by the SROs ("Proposed Rules") that may have an unintended and significant adverse impact on firms that produce quantitative research: the definition of "research report." The views expressed in this comment letter supplement the views contained in the comment letter submitted by Wilmer, Cutler and Pickering on behalf of CSFB and other firms (the "Wilmer letter").[2] CSFB is concerned that the Proposed Rules, which are designed to address conflicts arising in the production of traditional fundamental research, also will be construed to apply to quantitative research.

As stated in the Wilmer letter, the definition of "research report" contained in the Proposed Rules is overly broad and could capture communications that do not constitute fundamental research, such as quantitative analysis. CSFB recognizes that over the past year the Commission and the SROs have provided interpretive guidance to help clarify that certain types of written products shoutd not be considered research reports. Moreover, some of those categories appear to be intended to exclude certain types of quantitative research. This guidance, however, is content-specific (i.e., can only be applied after a case-by-case analysis of an individual written piece) and, again as more

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1 68 Fed. Reg. 826 (January 7, 2003); Securities Exchange Act Release No. 47110 (December 31, 2002); SR-NYSE-2002-49 and SR-NASD-2002-154.

2 Comments of Yoon-Young Lee, Esq., Wilmer, Cutler & Pickering, on behalf of Banc of America Securities LLC; Credit Suisse First Boston LLC; Goldman, Sachs & Co.; JPMorgan Securities Inc.; Lehman Brothers Inc.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Morgan Stanley & Co. Incorporated; and UBS Warburg LLC, March 11, 2003.

completely articulated in the Wilmer letter, it is inefficient to implement because each written piece must be reviewed individually -- only after that comprehensive review has been conducted can a firm determine whether the piece itself is a research report and the author, therefore, has to be considered a research analyst. Finally, the NYSE/NASD exemptions for quantitative research have been extremely narrow and do not extend to most quantitative research involving individual companies.

CSFB respectfully requests that the Commission and the SROs consider establishing an exclusion from the definition of "research report" for quantitative research reports that are based on a firm's quantitative or technical model. This would be consistent with the Commission's views regarding quantitative research in Regulation AC, in which the Commission recognized that an alternative standard is appropriate for quantitative research in the context of Regulation AC:

> The Commission determined that, in cases where there is no identified analyst because the report is based on the firm's quantitative or technical model, the firm itself may provide the certifications that the views expressed in the research report accurately reflect the firm's quantitative research model and that no part of the firm's compensation was, is, or will be directly or indirectly related to the specific recommendations or views disclosed in the research report?

To ensure that such reports are truly quantitative and not subject to the conflicts of interest that the existing and Proposed Rules are designed to prevent, the Commission could consider adding certain other conditions, such as:

(1) requiring that a firm have procedures in place to ensure that construction and modification of the quantitative model used to produce quantitative research reports cannot be influenced by a firm's investment banking department;

(2) mandating that the firm include a way for readers to obtain either an explanation, analysis or description of the quantitative model being used so that the analytical process can be made reasonably transparent to readers; and

(3) prohibiting quantitative reports from including any ratings or recommendations not contained in or explained by the model used to generate the quantitative analysis.

For example, a firm's quantitative model might allow a person to observe the estimated impact on a company's earnings of a 10% rise in revenue resulting from the sale of a new product protected by a patent. However, neither the author nor the quantitative report should be allowed to include a rating or recommendation for the company that is based on the likelihood of the company being granted such a patent or the likelihood that the company would achieve such increased revenues.

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3 Exchange Act Release No. 47384 (Feb. 20, 2003), 68 Fed. Reg. 9482 (Feb. 27, 2003).

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CSFB believes that this approach is appropriate because quantitative research does not give rise to the conflicts of interest that the Proposed Rules are designed to address. It does not contain the same types of subjective analytical judgments that are the hallmark of fundamental research. Quantitative research, however, does provide investors with useful and valuable information that supplements the other analytical materials they review.

CSFB applauds the Commission's and the SROs' continued focus on this important issue and appreciates the opportunity to present our views regarding the Proposed Rules.

Sincerely,

Pierre M. Gentin / AJ

Pierre M. Gentin

cc: Annette L. Nazareth, Director, Division of Market Regulation, U.S. Securities and Exchange Commission

Robert L.D. Colby, Deputy Director, Division of Market Regulation, U.S. Securities and Exchange Commission

Larry E. Bergmann, Senior Associate Director, Division of Market Regulation, U.S. Securities and Exchange Commission

James A. Brigagliano, Assistant Director, Division of Market Regulation, U.S. Securities and Exchange Commission