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ARKANSAS SECURITIES DEPARTMENT

September 27, 2007

Ms. Christine A. Bruenn
Bingham McCutchen LLP
85 Exchange Street, Suite 300
Portland, ME 04101-5045

RE: Merrill Lynch Client Transition Program/
Retirees' Continuing Compensation
No Action No. 07-90000367-NA009

Dear Ms. Bruenn:

We are in receipt of your letter dated August 7, 2007 in which you request that the staff of the Arkansas Securities Department recommend to the Commissioner that no enforcement action be taken if Merrill Lynch ("Merrill") enters into certain arrangements with eligible departing agents, under the terms of which it will continue to pay to such agents a percentage of compensation derived by the firm from payment of fees and commissions from the departing agents' clients. The facts, as more fully expressed in your letter, and supplemented by my telephone conversation of this date with your colleague, Jeff Goldman, are as follows:

Merrill intends to implement a Client Transition Program ("CTP"), a part of which will provide for payments to eligible departing agents. The CTP is available only to departing agents in good standing who are at least 55 years of age, who have been employed by Merrill for at least 5 years, and whose combined age and length of service is at least 65 years. Under the CTP, participating agents' accounts are transferred to eligible "receiving" agents in accordance with Merrill's existing policies, or to a pre-existing partner of the departing agent. After the transfer, the former agent is eligible to receive a declining percentage of compensation related to his or her former clients, consisting of 50% for the first two years after departure, 40% for the third year, and 35% for the fourth year, after which payments will cease. The program also provides a death benefit in certain circumstances.

Additional significant aspects of the CTP are as follows:

- Former agents in the CTP cannot solicit or conduct any securities-related business.
- Former agents will forfeit all CTP benefits if they resume engagement in the securities business.
- Merrill will notify each former agent's clients of the change in agent.
- Merrill will fully disclose to each former agent's clients that a portion of the fees or commissions paid by such client may be shared with the former agent.

- CTP payments will terminate if a participant, by reason of criminal conviction or otherwise, engages in activity that would render the former agent ineligible for registration or affiliation with Merrill.
- Only agents with a low incidence of complaints and arbitrations are eligible for the CTP.
- Managers from a participant's former office will meet annually with the participant to confirm that the participant continues to meet the requirements of the CTP.

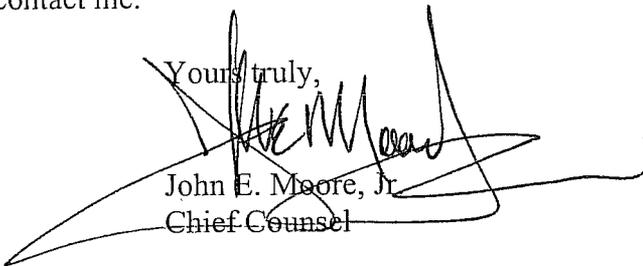
So long as the departing agents do not engage in activities, other than the receipt of continuing payments as described above, which would require registration, there appears to be no need for such agents to maintain agent registration.

We did not find the more detailed description of the CTP that Merrill intends to distribute to representatives that you stated was attached to the letter. However, so long as the more detailed description is in conformity with the representations made in your letter and set out above, we do not believe it crucial to a determination of this issue. Based upon the representations set forth in your letter and the telephone conversation referenced above, the staff will recommend to the Commissioner that no enforcement action be taken if Merrill engages in the proposed activities as described herein.

Please note that the position expressed herein pertains only to the facts and circumstances described in your letter and our telephone conversation. Different facts might well result in a different response. This letter is not to be construed or relied upon as legal advice, nor does it purport to address the possible application of any other laws that may relate to the actions described in your letter.

Should you have any questions, please contact me.

Yours truly,



John E. Moore, Jr.
Chief Counsel