

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON**

Office of the Chairman

June 29, 1936.

DEAR MR. GRISWOLD:

This will acknowledge your letter of June 29, 1936. I am happy to learn that the Investment Bankers Conference Committee intends to go forward with plans for a permanent organization in accordance with the general conception outlined in our correspondence.

The Commission's staff now has under consideration a number of problems in regard to which we shall be glad to receive suggestions from, and to confer with, your Committee. These are:

- (1) Prospectuses. Suggestions for shortening, improvement of content and form, requirements for delivery, etc.
- (2) Registration of Securities. Suggestions for improving regulations and forms, eliminating duplication of information, etc.
- (3) "Beating the gun."
- (4) Methods for preventing violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 by salesmen and trading employees.
- (5) Standards for determining adequate distribution and adequate activity in connection with unlisted trading upon exchanges.
- (6) Devices and contrivances in connection with the purchase and sale of securities over-the-counter which should be prohibited as manipulative and fraudulent, and methods for making such control effective.

There are, in addition, certain problems which, although not at present under active consideration, are of interest to the Commission, in regard to which we should likewise be glad to receive your suggestions. Some of these are:

- (1) The desirability and practicability of efforts by the Commission, or by an appropriate organization of investment bankers and dealers, to perfect a mechanism of publicity for purchases and sales in the over-the-counter markets by registered brokers and dealers.
- (2) Methods of eliminating nominal or fictitious quotations, and control of wide spreads between bid and asked prices of securities traded in over-the-counter.
- (3) The standardization and simplification of trust indentures in connection with securities issued by public utility holding companies and public utility operating companies; and other rules and regulations relating to public utility companies.
- (4) Development of reporting system for inventory of unsold securities in the hands of security dealers.
- (5) Advisability of permitting on offering sheets such additional information as ratings by statistical organizations, etc. Control of market letters, circulars, and other literature.
- (6) Control of registered brokers and dealers who carry customers on margin.
- (7) Requirements for the segregation of securities and funds held in trust and segregation of capital employed in brokerage business from capital employed in dealer and underwriter activities.

I should likewise like to call your attention to the pending program for administering the provisions of the recent amendments to the Securities Exchange Act of 1934 (Public No. 621, enacted on May 27, 1936), relating to the registration of over-the-counter brokers and dealers and to unlisted trading upon exchanges. I think that it would be desirable for your Committee to endeavor to keep its membership currently advised of all hearings which may take place in connection with this program.

Sincerely yours,

JAMES M. LANDIS,  
*Chairman.*

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