

INVESTMENT BANKERS CONFERENCE, INC.

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MINUTES OF MEETING OF GOVERNING COMMITTEE

Held in Carlton Hotel, Washington, D.C.  
At 10 A. M., January 26, 1937

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A meeting of the Governing Committee and Advisory Council of the Investment Bankers Conference, Inc. was held at the Carlton Hotel, Washington, D. C., on Tuesday, January 26, 1937, at 10 A.M. pursuant to notice duly sent to each member of the Governing Committee, and to each District Chairman (as members of the Advisory Council) on January 7.

There were present at the meeting:

Messrs. Francis A. Honner  
George W. Bovenizer  
Sydney F. Clark  
E. F. Connely  
Edward J. Costigan  
Ralph T. Crane  
B. Howell Griswold, Jr.  
Joseph T. Johnson  
John A. Prescott  
A. W. Snyder  
George S. Stevenson  
Joseph R. Swan  
Henry B. Tompkins  
Frank Weeden  
Sidney J. Weinberg  
Orrin G. Wood

constituting sixteen members of the Governing Committee, and

Messrs. John E. Blunt, III  
Y. E. Booker  
Nevil Ford  
Pliny Jewell  
Louis W. Stayart  
John J. Sullivan  
Lowry Sweney  
David R. West

constituting eight members of the Advisory Council. The others present were

Messrs. Wallace H. Fulton, Director  
Frank L. Scheffey, Co-Director  
Joseph C. Hostetler, of Counsel  
Murray Hanson, of Counsel

Chairman Griswold opened the meeting and presented a review of the activities of the Conference since the Governing Committee meeting of October 16, 1936, giving an outline of its work and relations with the Securities and Exchange Commission. He also announced the results of the elections for membership to the Governing Committee, and appointments to the special Committees since October 16, 1936.

The minutes of the first meeting of the Governing Committee were approved.

#### Election of Officers

Chairman Griswold released the chair to Mr. Ralph T. Crane who presided and received nominations. Mr. Frank L. Scheffey acted as secretary. The following persons were nominated as officers of the corporation to serve for the term ending January 15, 1938, or until their respective successors are chosen and qualify:

Chairman	B. Howell Griswold, Jr.
Vice Chairman	Francis A. Bonner
Treasurer	Sydney P. Clark
Director	Wallace H. Fulton

Ballot having been duly had and all the members of the Governing Committee present having voted, the Temporary Chairman announced that the aforesaid persons had been unanimously elected to the offices set before their respective names.

The Chairman and the Director thereupon entered upon the discharge of their duties.

The Chairman made a brief report on the activities of the Conference and its special committees with relation to registration statements and prospectuses and announced that Mr. Harold H. Neff, Director of the Forms and Regulations Division of the Securities and Exchange Commission, had consented to address the meeting and discuss the current plans of the Commission looking toward a revision of its present registration forms under both the Securities and the Exchange Acts, as well as its requirements and instructions with relation to prospectuses. Mr. Neff accordingly appeared and outlined the program which the Commission now has in mind for revising its forms, and consolidating its regulations and instructions under both Acts, the program being addressed principally to general simplification of registration, to a lessening of the cost of registration, and to shortening both registration statements and prospectuses. Upon the conclusion of his remarks, Mr. Neff answered questions from the floor. As this program of the Commission is at present only in the process of development and as Mr. Neff pointed out he was at present merely outlining his own personal viewpoint, he requested that all of his remarks be treated as confidential.

#### Reports of Officers and Committees

The Treasurer reported on the present financial status of the Conference and a copy of his report is appended to these minutes as "Exhibit A".

Upon motion duly made, seconded and carried, the Treasurer's report was approved as read.

Upon motion duly made, seconded and carried, it was

RESOLVED, That the Treasurer shall give a bond for the faithful discharge of his duties in the sum of \$25,000, the cost thereof to be paid by the corporation.

Upon motion duly made, seconded and carried, it was

RESOLVED, That the Director should have the books and accounts of the Investment Bankers Conference Committee audited, the cost thereof to be paid by the corporation.

The Treasurer presented and discussed Conference Committee vouchers No. 138 to No. 142 inclusive.

Upon motion duly made, seconded and carried, payment of Conference Committee vouchers No. 138 to No. 142 inclusive, covering certain of the accounts payable of the Conference Committee as at October 15, 1936, paid subsequent thereto, and certain operating expenses of Conference, Inc., paid out of the funds of Conference Committee for the account of Conference, Inc., prior to the opening of the latter's bank accounts, was approved.

The Treasurer presented and discussed Conference, Inc. vouchers No. 1 to No. 69 inclusive. Upon motion duly made, seconded and carried, payment of Conference, Inc. vouchers No. 1 to No. 69 inclusive, covering the remaining accounts payable of the Conference Committee taken over by Conference, Inc. as at October 15, 1936, and operating expenses of the corporation through January 20, 1937, was approved.

Upon motion duly made, seconded and carried, the Director's report, copy of which is attached to these minutes as "Exhibit B", was approved as read.

Mr. Crane, as Chairman of the Committee on Admission to Membership and Classification of Underwriters, Originators and Others for Purposes of Assessment, reported on the actions and activities of this Committee to date. Upon motion duly made, seconded and carried, the actions of this Committee were ratified and approved.

Mr. Crane reported further that as the result of a number of complaints which had been received as to members' classifications for purposes of assessment, the Committee had given considerable thought to a revision of the classifications presently styled "Underwriters" (Class 12(a)) and "Originators" (Class 12(b)). The Committee recommended that in place of Classes 12(a) and 12(b) there be created the following classifications:

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| 12(a) | Originators              |
| 12(b) | Major Underwriters       |
| 12(c) | Substantial Underwriters |
| 12(d) | Occasional Underwriters  |

It was the thought of the Committee, as expressed by Mr. Crane, that Class 12(a) (Originators) should include those firms which, in the opinion of the Committee, are nationally known as originators and underwriters of large national issues of securities; that Class 12(b) (Major Underwriters) should include those firms which, in the opinion of the Committee, are generally known to have a major position in both corporate and municipal underwriting; that Class 12(c) (Substantial Underwriters) should include those firms which, in the opinion of the Committee, are engaged in underwriting substantial amounts of securities both corporate and municipal; that Class 12(d) (Occasional Underwriters) should include those firms which, in the opinion of the Committee, occasionally underwrite securities both corporate and municipal.

It was pointed out by Mr. Swan that this whole matter of classification, for purposes of assessment, is one which must be solved by the trial and error method, and that the proposed re-classification of Classes 12(a) and 12(b) would give the Committee more latitude in making equitable adjustments and classifications.

After discussion, and upon motion duly made, seconded and carried, it was

RESOLVED, That the recommendation of the Committee, as outlined above, be approved and the Committee was directed to prepare schedules for the use of the Finance Committee.

Mr. Griswold, as Chairman Ex Officio of the Committee on Prospectuses and Registration of Securities, commented on the work which had been done by the Technical Committee on this subject, pointing out that they confined their study to a refinement of Form A-2 and the related prospectus under existing law. He further pointed out that the report of this Committee was submitted to the Commission not as that of the Governing Committee but solely as the report of the Technical Committee and that it would be available for further discussion between the Governing Committee and the Commission in connection with the larger problems involved. He complimented the members of the Technical Committee on the thoroughness, thoughtfulness and care with which their report was made. A memorandum report by Mr. Frank L. Scheffey, under whose direction the report of the Technical Committee was prepared, is appended to these minutes as "Exhibit C".

Mr. Crane, as Chairman of the Committee on Standards for Determining Adequate Distribution and Adequate Activity in Connection with Unlisted Trading upon Exchanges, reported on the meetings which this Committee had held with the Commission, and on the work of the Technical Committee on this subject.

Upon motion duly made, seconded and carried, Mr. Crane's report, a copy of which is attached to these minutes as "Exhibit D", was approved.

Mr. Swan, as Chairman of the Committee on Over-the-Counter Rules and Regulations, reported on the several meetings which this Committee had held in New York and Washington with members or representatives of the Securities and Exchange Commission. Mr. Weeden reported on the meeting which he had had with representatives of the Commission on this subject, and Mr. Fulton made a brief statement of the work which he and Mr. Hanson had done with the Commission.

Commissioners Mathews and Douglas and Messrs. Katz, Saperstein, Davis, Neff, Farnham of the Commission's staff joined the Committee at luncheon.

Commissioner Douglas spoke briefly and informally on the inherent possibilities of the Conference with respect to raising of standards of business conduct through the educational process, and the long-range point of view which must be taken in any such endeavor.

Commissioner Mathews spoke informally of the self-regulation possibilities of the Conference and of his views and hopes with regard thereto.

The Director reported that there was considerable confusion among some of the District Committees as to the standards to be applied in passing upon applicants for membership in the Conference, and that the Governing Committee had been requested to rule on the meaning of "detrimental to the welfare, objects and purposes of the Conference", as used in Section 3(c) of Article I of the By-Laws. The Director reported that this question had been discussed with Counsel, and then read the draft of a proposed interpretative letter. There was a general discussion of both the problem and the letter, which finally resulted in a motion, which was duly seconded and carried, that the whole matter be referred to a committee, composed of Messrs. Griswold, Crane and Clark.

Upon motion duly made, seconded and carried, it was

RESOLVED, That the draft of the proposed Rules of Fair Practice and the draft of the proposed Complaint Procedure be referred immediately to the members of the Governing Committee and to the Advisory Council for criticisms, suggestions, and comments and/or approval.

The Director read written reports from twelve of the Chairmen of the fourteen District Committees, and the District Chairmen present made short additional comments on their respective reports.

Upon motion duly made, seconded and carried, it was

RESOLVED, That the Director prepare a list of members of the Conference, said list to be printed and distributed to all members.

Upon motion duly made, seconded and carried, it was

RESOLVED, That all actions of the Executive Committee and/or the Committee on Admission to Membership and Classification of Underwriters, Originators and Others for Purposes of Assessment, in admitting members to Charter Membership, be approved and that Charter Membership be closed as of November 15, 1935.

A general discussion was had as to the time and place of the next meeting of the Governing Committee. It was the opinion of the meeting that, unless unforeseen circumstances should arise, the meeting should not be held before April 15, and that it should be held in Chicago.

It was the feeling of the Committee that it would be in the interest of the Conference for the Chairman and other members of the Governing Committee to address groups of investment bankers and security dealers in various important key cities in the country when invited to do so.

Mr. Sullivan, Chairman of District No. 3, brought up the question of prorating bills on the first assessment for those firms which join between February 1 and the time of the next assessment. Upon motion duly made, seconded and carried, this matter was referred to the Finance Committee for consideration and action.

Upon motion duly made, seconded and carried, the meeting thereupon adjourned at 4:50 P.M.

WALLACE H. FULTON

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Director.