

March 23, 1938

COPY FOR CHAIRMAN

Mr. Robert B. Flinn, Chairman, and Messrs. Robert J. Hammerslag, John W. Walters, members of the Nominating Committee of the New York Stock Exchange conferred today with Chairman William O. Douglas, of the Securities and Exchange Commission. The meeting was arranged at the request of Mr. Flinn for the purpose of settling certain rumors which had circulated about the position of the Commission on the work of Mr. Flinn's committee. The discussion centered around the work of the Nominating Committee and the progress of the Exchange's reorganization program to date.

Chairman Douglas informed Mr. Flinn and his associates that the Commission had no candidates or slate of candidates for the coming elections to the new Board of Governors. He pointed out that the Commission had previously taken the position publicly that the choice of Governors and other officials was the concern of the membership of the Exchange. He stated that the sole interest of the Commission in stock exchange reorganization was to foster on the country's exchanges a type of management which will so effectively conduct exchange affairs as to render detailed federal policing unnecessary.

Douglas told the group that rumors which the group reported to him to the effect that the Commission felt that members of the old guard should be returned to positions on the Board on the ground that their experience was necessary or desirable were utterly false. In that connection he stated that it was the view of the Commission that a thoroughgoing and complete reorganization would demand the abandonment, not merely on paper but in practice, of the former philosophy of Exchange government.

Both Mr. Flinn and his associates and Chairman Douglas were in agreement that the great majority of exchange members appeared to desire a reorganization which would give effect to the new philosophy of exchange government enunciated in the report of the Conway Committee. In discussing the exchange reorganization program, Chairman Douglas praised the response of the exchange membership to the proposals of the Conway Committee and expressed deep gratification at the progress made toward a reorganization of the Exchange.

*Not mimeographed*

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Box 19, Folder "New York Stock Exchange St. Market Crash Oct. 1937"