

2/23/39

Lokey of the Stock Exchange phoned this down to me this morning. They want "clearance" as soon as possible, since there has already been a news leak.

EAS

Jimmy Allen and I suggest that the following sentence be substituted for the last sentence of the second paragraph.

"Mr. Martin stated that he had acquainted Mr. Douglas with the purpose of this Committee and that he is hopeful that as the work of the Committee progresses, it may be possible to consult from time to time with officials of the Commission."

In response to inquiries, William McC. Martin, Jr., President of the New York Stock Exchange, confirmed today that a special committee, consisting of John N. Hancock, H. Allen Wardle and Joseph Klingenstein, has been created for the purpose of making a thorough study of federal legislation affecting the securities markets, particularly the Securities Exchange Act of 1934 and the Securities Act of 1933.

The purpose of the study is to determine what recommendations looking to revision of the Act may be appropriate in the interest of facilitating the flow of capital and improving the functioning of the securities markets. Consultations on the work of the Committee will be held with the Securities and Exchange Commission from time to time.

The special Committee, which began its work on January 17 last, has held extended discussions on the subject of the possible advisability of recommending certain revisions in existing legislation and continues to assemble material relating to the study.

The creation of the Committee followed the initiation of conversation with representatives of other exchanges on the desirability of equalizing competitive conditions affecting securities trading in over-the-counter, and securities listed on organized exchanges.

As a result of the discussions which have already been held, a general conference of representatives of all exchanges will be called for some time in March, the time and place to be selected, at which the views of all the exchanges in question relating to the revision of existing legislation will be presented.