

Congress of the United States

House of Representatives

Washington, D. C.

COMMITTEE ON  
INTERSTATE AND FOREIGN COMM

September 23, 1942



Mr. Ganson Purcell, Chairman  
Securities and Exchange Commission  
Philadelphia, Pennsylvania

Dear Mr. Purcell:

I have served as a member of the Securities and Exchange sub-committee of the Interstate and Foreign Commerce Committee since 1937. If you will review the hearings on S. 3255 and H.R. 9634, which amended the Securities Exchange Act of 1934, regulating over-the-counter market transactions, you will find it was the definite intent of the sub-committee to exempt municipal securities completely from the regulatory power of the Commission.

Now, proposed rule X-15C1-10 comes to my attention. In this proposed rule the Commission assumes the power to set up a new class of exempted securities as distinguished from the exempted securities as defined by Congress.

In my judgment, the first fundamental in an approach to securities regulations is the recognition of the difference between public and private securities. For the six years in which I have served as a member of the sub-committee particularly studying securities problems, I have found no time in which any matter came up that there was not a definite expression of intent on the part of the Congress to maintain the integrity of exemptions affected by your proposed rule, as a unit class, and there has never been the slightest supposition that the Commission could void that intent of Congress by breaking that class down into separate units.

Mr. Purcell, I want vigorously to protest the body and intent of the proposed rule referred to herein. I conceive it to be a positive evasion of a directive of Congress, and I feel that should the Commission believe conditions warranted any such rule, a recognition of the obvious intent of Congress in the law, and supplemented extensively in the hearings, should lead the Commission to come back to the Committee for such authority, if need existed.

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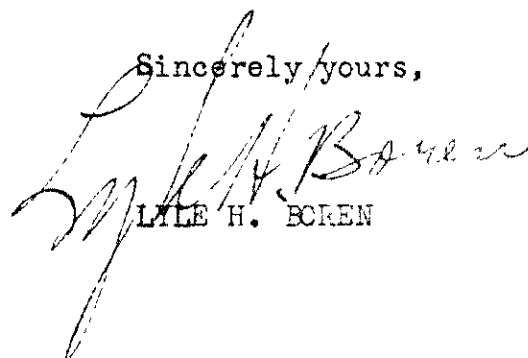
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Unless the Commission feels that it has facts with which to justify legislative authority to change this clear intent of Congress, then the proposal, X-15C1-10, should promptly be laid aside. If the Commission does feel that evidence not heretofore considered by Congress exists to justify such an alteration in the viewpoint established by the Congress on the subject, I am sure the Commission will find the Interstate and Foreign Commerce Committee open-minded to a consideration of the facts.

I will appreciate hearing from you on this subject because I must tell you frankly that, before I would see this method of destroying what I believe to be the clear intent of Congress, I would ask the Committee for a legislative directive to regulate such action.

With kindest personal regards, I am

Sincerely yours,



Lyle H. Boren

LYLE H. BOREN