

Congress of the United States  
House of Representatives  
Committee on Interstate and Foreign Commerce  
Room 1334, Longworth House Office Building  
Washington, D.C.

April 5, 1963

Honorable William L. Cary  
Chairman  
Securities and Exchange Commission  
Washington 25, D. C.

Dear Chairman Cary:

I am sure that you appreciate that our Committee cannot but be impressed with the manner in which you have undertaken the assignment which the Congress placed upon you nearly two years ago to undertake a study of the adequacy, for the protection of investors, of the rules of national securities exchanges and national securities associations. Your presentation to the Subcommittee on Commerce and Finance Wednesday afternoon was helpful in an understanding of the magnitude of the task and of the nature of the reports which you are furnishing to the Congress.

I think it appropriate that you furnish the Congress with the results of the study and investigation as carried on by your special study group inasmuch as any study of the character such as is this necessarily involves a consideration of the role which the Commission itself has played during the years being examined. On the other hand, the resolution does direct the Commission itself to report on its own recommendations to the Congress and the record in this specific regard seems a bit ambiguous.

I note that in the five chapters prepared by the special study group which you have submitted as the first segment of your complete report each has a summary section containing conclusions and recommendations of the study group. In some chapters this appears at the end of the chapter whereas in others this summary is under different sections of the chapter. (It is understood that when you have completed all of the chapters, you have the thought of pulling together these summaries of conclusions and recommendations into one volume.)

It appears to me accordingly in the light of the language of section 19(d) and of the discussion before the Subcommittee last Wednesday, that it might be appropriate for you to indicate to us as to each of these recommendations which:

- (1) You have adopted as your own as set forth in your transmittal letter;
- (2) You have designated as the subject of the Commission's rulemaking process (as you indicated Wednesday you had initiated through letters addressed to industry

representatives requesting them to create advisory committees for such consideration);  
and

(3) You are holding in abeyance for further consideration as to treatment in either of the ways above or possible rejection in their entirety.

Sincerely yours,

OREN HARRIS, M.C.  
CHAIRMAN

OH:mhl.

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Received  
Chairman's Office  
Sec. & Exch. Comm.  
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