



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON 25, D. C.

November 6, 1963

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Mr. G. Keith Funston
President, New York Stock Exchange
Eleven Wall Street
New York 5, New York

Dear Mr. Funston:

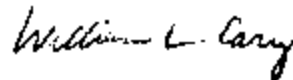
I understand from Mr. Chapman's letter dated October 24, 1963 to the Director of the Commission's Division of Trading and Markets that the Exchange will be ready in April 1964 to appear before the Commission on the recommendations of the Special Study relating to floor trading.

Chapter VI of the Report of the Special Study of Securities Markets was published approximately four months ago. You will recall that the Report indicated the urgency in resolving the floor trading question by recommending that steps be taken to abolish floor trading by January 2, 1964. In letters addressed to Chairman Oren Harris of the House Interstate and Foreign Commerce Committee and Chairman A. Willis Robertson of the Senate Banking and Currency Committee, released on July 23, the Commission adverted to the very serious and basic problems involved in floor trading as brought out by the Report of the Special Study, and to the lengthy and unsuccessful efforts over the years to resolve them. The Commission indicated its agreement that "a rule proposal abolishing floor trading on the New York and American Stock Exchanges should be developed, unless those exchanges demonstrated that its continuance would be consistent with the public interest." Under the circumstances the Commission feels that the Exchange should exert every effort to present its views to the Commission at the earliest possible time and before April, 1964. If, as stated in your letter, the report of Cresap, McCormick and Paget, which has been retained by the Exchange to make a study of floor trading, is available in January, it would seem possible for the Exchange to present its position to the Commission not later than the first week in March, 1964.

I also understand that Cresap, McCormick and Paget have been asked not only to make statistical studies but also to make substantive recommendations on whether or not floor trading should be continued and, if it is to be continued, what changes should be made in existing rules. In view of the public interest in the matter of floor trading and our mutual interest in resolving the matter as expeditiously as possible, the Commission wishes a copy of the Cresap report when it is submitted to the Exchange in January.

Since the Special Study recommendations apply to the American Stock Exchange as well as the New York Stock Exchange, I am sending a copy of this letter to Mr. Etherington.

Sincerely yours,



William L. Cary
Chairman

cc: Mr. Edwin D. Etherington
President, American Stock Exchange
86 Trinity Place
New York 6, New York