


*file* 

February 15, 1972

Mr. Robert W. Haack, President  
New York Stock Exchange  
11 Wall Street  
New York, New York 10005

Dear Bob:

I have received your letter of February 10th and have read it with interest.

You realize that I do not serve as a member of the Subcommittee on Securities. Accordingly, I have not even seen the report, nor have I gone over it with any member of the Subcommittee.

In view of your letter, I shall be very glad to discuss it with Pete Williams. Certainly, full opportunity should be given to hear everyone that is concerned with these matters, and I shall stress this point in my talk with Pete.

With best wishes, I am

Sincerely,

John Sparkman

JS:nfr

Office of

FEB 14 1972

NEW YORK STOCK EXCHANGE, INC.

Senator John Sparkman

ELEVEN WALL STREET

NEW YORK, N. Y. 10005

RECEIVED

FEB 14 1972

B. & C. COMM.

ROBERT W. HAACK  
PRESIDENT

February 10, 1972

The Honorable John Sparkman, Chairman  
Committee on Banking, Housing and Urban Affairs  
New Senate Office Building  
Washington, D.C. 20510

Dear Chairman Sparkman:

Yesterday the Exchange received copies of the Report of the Subcommittee on Securities which was transmitted to you on February 4 and made available publicly on February 8.

While we have not had the Report long enough to make a comprehensive review, I feel compelled to acquaint you with several of its aspects which we find quite disturbing.

As you probably know, the Exchange was not consulted by the Subcommittee study staff in connection with the subject matter of the Report. Exchange witnesses were invited to appear at only one hearing before the Subcommittee in September, on very short notice. Accordingly, I think the members of the Committee should be aware that in a number of key instances, such as commission rates, competing market makers and institutional membership, the publicly announced position of the Exchange is either not stated accurately or not stated at all in the report.

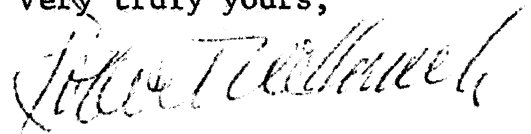
We think that a study as important as this merits a full exploration of the differing views on these important issues. We recognize, of course, that we will have an opportunity to present our views on legislative proposals affecting the securities industry when they are brought before the Committee. However, with respect to a number of important issues, the Subcommittee Report reaches flat conclusions which do not require further legislative action by the full Committee.

We find this particularly unfortunate since the Exchange and other securities industry organizations might, as a result, be exposed to litigation.

After reading the dissenting views accompanying the Report, I personally am inclined to agree with the suggestion of Senator Wallace Bennett and other members of the Subcommittee that the Report should be considered as an "interim staff report."

While I would not presume to interfere in the affairs of the Committee, I do feel compelled to register the Exchange's strong objections to the lack of objectivity exhibited by the staff report in some areas.

Very truly yours,

A handwritten signature in cursive script, appearing to read "John T. Bennett".

cc: Senator Wallace Bennett

Draft for Robert Haack

*Draft*

I received your letter of February 10, in which you mention some aspects of the Securities study made public on Feb. 8, which you find disturbing.

As you know, I am not a member of the Securities Subcommittee under whose jurisdiction the special study staff is operating and have therefore not been involved in recommendations made in the report.

Without taking a position on any of the recommendations at this time, there will be no legislation approved by this committee I can assure you that ~~before any legislation is based on any of these recommendations~~ ~~is approved by the committee~~ before we have a full opportunity to hear the views of interested parties. I certainly do not consider the recommendations contained in the report as binding on members of the Committee.

I am not aware of the issues on which the Report ~~###~~ reaches conclusions which do not require legislative action, and do not understand why <sup>such</sup> ~~###~~ conclusions without any formal action by the Committee or the Congress would expose ~~###~~ the New York Stock Exchange and other securities industry organizations to litigation.

Having not studied the report, I am unable to ~~comment on the objectivity or lack of it in the report.~~ I do know from discussions with some members of the Committee that they are anxious to have your views on the conclusions made in the Report.