

Memorandum

THE New York Stock
Exchange

September 19, 1973

TO: Executive Committee
FROM: Samuel A. Gray
SUBJECT: Title IV H. R. 5050

The Staff has spent considerable time reviewing Title IV of H.R. 5050 dealing with "Securities Processing" to determine what comments, if any, the Exchange should file with the Moss Subcommittee. Title IV closely follows many of the points covered in Williams S 2058, which has been passed by the Senate. Both of these bills deal with an integrated national system for the processing of securities.

The only major issue in Title IV is the question of whether the SEC should have sole regulation responsibility or should this responsibility be shared with the bank regulatory agencies in the case of securities depositories.

Our testimony on the Williams Bill supported the BASIC position of separation of regulation between clearing agencies and depositories. This was the position in the Williams Bill--which we supported--even though we objected to the broad role the SEC would have in the promulgation of rules and regulations for Clearing Agencies. This was consistent with our July 19 testimony on Title II H. R. 5050

hearings in which we objected to the overall primary regulatory responsibility which was being given to the SEC over exchanges and member organizations.

Again, Title IV of H.R. 5050 does not divide the regulatory function for depositories and clearing agencies between the banking regulatory bodies and the SEC but rather gives the entire responsibility to the SEC.

We have 3 options open to us regarding the submission of comments to the Moss Subcommittee.

1. Not make any comments and stand on our strong objections to Title II H.R. 5050.
2. Support BASIC and Banks' position that the bank regulatory agencies should share the regulation responsibilities over depositories with the SEC--as we did in the Williams S 2058.
3. Support Title IV H.R. 5050 which gives all regulatory responsibility to SEC.