

Securities Industry Association 25th Annual Meeting
NASD Panel: Closing Comments
Joseph R. Hardiman, President and CEO
National Association of Securities Dealers
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Closing Comments

I joked about retiring a few moments ago, and it's public knowledge that I will be stepping down shortly from my present responsibilities with the NASD. A search for my replacement is in the very capable hands of a Committee chaired by Dan Tully and comprised of two members of the NASD, Nasdaq, and NASD Regulation Boards, respectively, and is well underway.

I wish my successor the best. He or she will preside over an organization with a dedicated and energized staff. They are talented people, and it has been my privilege to work with them...and to grow with them.

It has also been my privilege to serve you and others who make up our membership, as well as the investing public and the many exciting companies that call Nasdaq home.

I accepted the position almost 10 years ago, knowing it wouldn't be easy to balance the interests of each of these constituencies...and it hasn't been!

It's easy to proclaim that investors must come first – and indeed they must. But the reality is more complicated.

Part of that reality is that investors are often best served by rules and initiatives aimed not directly at their well being, but that are designed to ensure a strong, healthy and competitive securities industry.

To that end, the best service the NASD can provide our members is to constantly challenge you – and hold you accountable – to abide by the highest standards of ethical conduct in everything that you do, but especially in dealing with investors.

Another reality is that investors are also best served by a market structure that optimizes the raising of capital...and that allows growing companies that are energizing our economy to enter the public market.

It hasn't been the most popular position in recent years to defend Nasdaq's dealers. But Nasdaq's market-maker structure deserves defending...and preserving. The advantages that come from the structure in terms of benefits for investors and issuers are simply too important not to stand up for.

What cannot be defended or even tolerated, are practices that disadvantage investors or diminish confidence in dealer markets.

Tough sanctions are warranted against any firm or individual found to abuse the considerable responsibility and trust associated with making markets in Nasdaq stocks.

I have been deliberately quiet with respect to the investigations conducted by the Justice Department and the SEC. Now that they are over, let me say frankly that the NASD and Nasdaq have been improved by the scrutiny to which they've been subjected. A good organization and a good market have been made even better.

Whether this is a monumental accomplishment and who gets or deserves the credit doesn't matter. What matters is that the NASD is better able to fulfill its mission today than at any time in its history...and Nasdaq is in a better position today to serve investors and issuers than at any time in ITS history.

Let me close with a few final thoughts on this great industry of which we're all a part.

The securities industry has been my professional home for almost three decades. It has been an incredibly rewarding industry in which to work, to learn, and to grow.

Some people lament that the best and brightest people end up on Wall Street. I know they are talented, because I've had the privilege of working with many of them.

This certainly isn't something to be lamented. It's something to be grateful for and proud of.

The services our industry provides are not just valuable and meaningful—they are essential. The raising of capital...providing financial advice...supplying liquidity and transparency for the trading of securities...creating new financial products and services...these activities have a direct impact on countless lives and are worthy of the best talent this country has to offer.

As the self regulatory organization with a unique set of responsibilities for overseeing the essential functions of our industry, the NASD is also worthy of the best talent.

The NASD is not our organization—not mine or Al's or Mary's. It is YOUR organization.

It needs your stewardship...your expertise...your ideas.

And it needs them today more than ever.

The heart and soul of self regulation is in this room. So is its future. With your continued involvement, that future looms brighter than it has ever been.