

January 6, 1938

Mr. Morris Gutman
c/o Lehman Brothers,
1 William Street,
New York City.

Dear Mr. Gutman:

I am enclosing a copy of the most recent draft of the rules to regulate pegging, fixing and stabilizing the prices of registered securities together with a copy of a discussion of some of the salient features of the rules. This is the draft which represents the combined efforts of members of the staff of the Trading and Exchange Division and the experts especially retained by the Commission for this work of which you are one.

These rules are being submitted by the Trading and Exchange Division to various representative organization among those engaged in the investment and securities business and I understand that that Division plans to hold conferences with representatives of these organizations during the first two weeks of February. The program is, I believe, to submit the rules, together with any changes deemed necessary as a result of those conferences, to the Commission shortly thereafter. If you have any further comment or criticism, please communicate them to Ganson Purcell, Director of the Trading and Exchange Division, if possible prior to February 1, 1938 so that the Division may have the benefit of your complete views prior to the beginning of the conferences which I have referred to.

I want to thank you on behalf of the Commission for the work which you have done in giving us the benefit of your expert knowledge of this difficult problem.

I should say that this draft is still a tentative one and the persons to whom it is being sent are being requested that its text and substance be treated as confidential for the present. It may be that we shall have occasion to call upon you further after the conferences have been concluded and the matter has been submitted to the Commission.

Faithfully yours,

William O. Douglas
Chairman.

Enclosures