

July 25, 1946

Mr. David F. Freeman
Yale Law School
2527 Yale Station
New Haven, Connecticut

Dear Mr. Freeman:

Your letter of July 23 relating to the SEC decision in the recent NASD case in Exchange Act Release 3700 has been received. In accordance with your request, under separate cover I am sending copies of the printed brief which we filed. I am sorry that I do not have any copy available of the brief filed by the Department of Justice.

You state that you would be interested in any possible effect which the NASD anticipates as a result of the decision of the SEC in the above case. As you know, the SEC decision by the majority of the Commission merely held that the Association could not discipline members for selling securities during the distribution period in violation of the price and concession agreements. The Commission pointed out expressly that it was not condemning or criticizing the sanctions contained in the agreements for the enforcement of the price and concession terms or any other sanctions available within the industry. In addition it pointed out that it was not condemning any contractual remedies available at law for breach of contract. Therefore the NASD does not anticipate as a result of the decision in the case any particular effect upon such agreements or upon the public distribution of securities.

Very truly yours,

Stephen C. Thayer

SCT:IQ
1440-M-3