

NEW YORK STOCK EXCHANGE

MEMORANDUM

May 15, 1963

TO: Members of Board of Governors
FROM: Edward C. Gray
SUBJECT: SEC Legislative Proposals

Attached, for your confidential information, are copies of memoranda given to representatives of the industry by the SEC at yesterday's conference in Washington.

These consist of revised drafts of SEC legislative proposals and of the SEC's tentative reactions to industry and N.Y.C. Bar Association Committee suggestions.

With respect to the SEC's reaction to suggestions on the "Frear-Fulbright" proposals dated May 9, 1963, it is to be noted that numbered paragraph 11 on page 4 states:

"11. Although the industry expressed no view with regard to the application of this proposal to banks, it suggested that the functions and duties of the Commission should not be delegated to any other governmental authority.

"The Commission is giving continuing consideration to this matter."

At yesterday's conference, Commissioners Cary, Woodside and Cohen acknowledged that at previous conferences Mr. Funston, Mr. Rosenberry or myself had raised serious questions about the SEC legislative proposal which would place banks under a national banking authority if unlisted, but under the SEC if the bank stock was listed. We have felt that banks, whether listed or unlisted, should come under a banking authority. The Bar Association Committee was the group which suggested that the SEC was the better agency to have jurisdiction over banks in the areas covered by the Frear Bill.

The last two pages are drafts of two SEC legislative proposals, submitted to the SEC yesterday by the NASD, and are so marked.

Edward C. Gray

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Attachments