

Report of

Meeting of Committee on General Policy

Appointed to deal with the Securities & Exchange Commission

Meeting held at Hotel Carlton,
Washington, D. C.
April 10, 1935.

The Committee on general policy, created by resolution of the Investment Bankers Code Committee at its meeting held on March 22, 1935 to cooperate and deal with the officials of the Securities & Exchange Commission met for its first meeting on April 10, 1935 at the Carlton Hotel, Washington, D. C. The following members of the Committee were present:-

Mr. B. Howell Griswold, Jr., Chairman
Mr. George Whitney
Mr. Francis A. Bonner

Mr. Ralph T. Crane
Mr. Edward H. Hilliard

Others present were:

Mr. L. H. Peebles and Mr. Myron F. Ratcliffe,
Representing the National Recovery Administration,
Commissioner James M. Landis and Judge John J. Burns,
Representing the Securities & Exchange Commission,
Mr. Rollin A. Wilbur, Managing Director,
Mr. Wallace Fulton, Compliance Director,
Mr. Frank L. Scheffey, Deputy Managing Director,
Mr. C. A. Mead, Secretary.

Committee Member Absent:

Mr. Frank Weeden.

The Committee discussed in an informal way the desirability and questions involved in the transfer of the governmental administration of the Code from the National Recovery Administration to the Securities & Exchange Commission. After considering the broad aspects of the problem Mr. Peebles and Mr. Ratcliffe were invited to present their views and the views of the National Recovery Administration on the question.

It was pointed out by Mr. Peebles and Mr. Ratcliffe that in their conferences with the S.E.C. it was agreed that the decision of the matter should be left to the industry itself. Mr. Peebles agreed that the present triangular administration of the Code Committee, the S.E.C., and

the N.R.A. could be greatly simplified by a dual administration, and it was pointed out that the S.E.C. was given definite authority to control the over-the-counter markets as well as other branches of the investment business. Some of the difficulties of transfer in the event that the N.R.A. continued in operation after June 16th were indicated, but these were principally confined to questions of labor and of assessments.

The meeting then adjourned to the office of Commissioner Landis. Mr. Landis and Judge Burns discussed the matter from the standpoint of the S.E.C. with Mr. Peebles and Mr. Ratcliffe in attendance.

The general outline of the discussion took the form of the SEC taking over the duties of the administrator of the Code, in cooperation with the Code Committee; also the possibility at some future time of the Code being conducted in a manner similar to that of the stock exchanges or of a Guild, i.e., that the industry should control itself, subject to supervision as at present within the domain now allotted to it. It was indicated that the SEC would accept tentatively, as satisfying their registration requirements, the present registrations under the Code, dealing with the names of the individual registrants at a later date, the Code Committee to have a separate control (subject to supervision) over those admitted to membership in the Code.

It was agreed that if the Code were allowed to expire and a voluntary organization were to come into being, perhaps the term Code would no longer be used, but some more accurately descriptive term would be applied to the organization.

The SEC would have its own registration and would deal as to such registration in accordance with laws now or hereafter in existence, including in its registration tentatively investment houses now registered with the Code Committee. It was generally agreed, however, that matters of detail would have to be worked out later, but along the general lines indicated above.

Mr. Landis also stated that the SEC felt that it would be influenced by the recommendation of the industry as to which Department of Government should supervise their action. When asked as to how this recommendation should be expressed, he said that he personally would feel that the opinion of the members of the Code Committee, reflecting as it does all sections of the country, would be the determining factor.

After a full discussion it was the opinion of the Committee that a transfer of the governmental administration of the Code from the NRA to the SEC would be desirable and advantageous from the standpoint of the Code and so recommended along the lines indicated above, and the Committee on Policy unanimously agreed to make this recommendation to the Code Committee.

Pursuant to the suggestion of the representatives of the SEC and with the approval of the Committee the Managing Director was directed to ascertain the feeling of those members of the Code Committee not present as well as the feeling of the Chairmen of the Seventeen Regional Code Committees.