SECURITIES AND EXCHANGE COMMISSION
Washington

SECURITIES EXCHANGE ACT OF 1934
Release No. 1571

The Securities and Exchange Commission today made public an opinion of the Director of its Trading and Exchange Division, Ganson Purcell, addressed to the New York Stock Exchange. The opinion was written in response to inquiries from the Exchange regarding a circular which the Exchange has prepared for its members giving certain instructions and interpretations of the Commission's rules on short selling. The texts of the opinion and of the circular of the New York Stock Exchange follow:

February 4, 1938

New York Stock Exchange
11 Wall Street
New York City

Attention: Dean K. Worcester, Esq.
Executive Vice-President

Gentlemen:

Representatives of your Exchange have discussed with me various problems concerning the operation of Rules X-3B-3, X-10A-1 and X-10A-2, relating to short-selling of securities, adopted by the Commission January 24, 1938. They have also submitted to me a draft of a circular proposed to be distributed among the membership of your Exchange, embodying comments and instructions regarding Exchange transactions under these rules, together with interpretations of certain provisions thereof. I understand that this circular is designed to facilitate operation under the rules.

The interpretations proposed to be included in this circular have been the subject of discussion between the Exchange representatives and the staff of the Trading and Exchange Division. As a result of these discussions a revised draft of the circular has been made. I have considered this revision, as it appears in the enclosed copy, and am of the opinion that the interpretative material contained therein is correct and in accordance with the underlying intent of the rules.

If at any time, you have any further questions with respect to the operation of these rules, I shall be glad to receive them and to discuss them with you.

Very truly yours,

Ganson Purcell,
Director.