

# ASSOCIATION of STOCK EXCHANGE FIRMS

42 Broadway, New York

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JUL 27 1938

July 26, 1938.

Honorable William O. Douglas,  
Chairman,  
Securities and Exchange Commission,  
Washington, D. C.

Dear Mr. Douglas:

Understanding that conferences are being held between representatives of your body and of the New York Stock Exchange membership on the subject of segregation of activities of specialists, I am writing to express the hope that, if any drastic change in respect thereof is contemplated, representatives of this Association will have an opportunity to express their views before the adoption of any such change.

Mark you, please, I am writing as the president of an association made up largely of those members of the New York Stock Exchange who serve the public as commission brokers and whose chief interest in modernization and reorganization in Exchange procedure has as its background the relationship between the broker and his customer. While the activity of the past few weeks has ameliorated somewhat the related conditions, the fact remains that even now the public is suffering somewhat from the narrowness of the markets in individual stocks. I am inclined to think that this condition is due more to fear of governmental regulation than to regulation itself but for present purposes it is effect rather than cause that calls for consideration and I would regard as harmful - especially at this time when a decidedly better feeling as between the Commission, the Exchange and the public seems to be developing in a healthy manner - any restrictive measure that could not be successfully defended.

Kind regards.

Yours truly,

*E. A. Pierce*  
President.