

March 13, 1940

Sir:

As you may know, this Commission obtains, on a voluntary basis from some forty member firms of the New York Stock Exchange, daily figures as to transactions effected by them pursuant to orders emanating from foreign sources. The information is, of course, obtained only from this limited number of firms having foreign connections and customarily doing a large volume of foreign business and is obtained only with respect to transactions known to the firms to have originated abroad. These figures cannot be regarded as inclusive or entirely accurate. They have, however, when properly applied proved somewhat useful to our staff from a statistical point of view in attempting to appraise the effect of foreign trading in our securities markets.

Recently it has been publicly announced that the British Government has, by order pursuant to previously adopted regulations, vested title in His Majesty's Treasury to securities previously held by British citizens of sixty different American issuers. It was concurrently announced that those securities would be liquidated in an orderly manner through representatives of the British Government in this country.

As I told you over the telephone, it is highly probable that sales of these securities will be made in such a manner as to result in many of the transactions not appearing on the reports which we presently obtain in the manner which I have described. I understand from you that under agreement with the British Government, you are currently obtaining daily figures on transactions in American securities entered into by the British representatives in New York. The Commission would very much appreciate it if a copy of these figures could be made available to us as they are received by your Department so that our foreign transactions statistics may not become entirely useless to us. The Commission would, of course, subject itself to whatever conditions you might wish to attach with respect to the disclosure or public use of this information. I understood you over the telephone to say that you would be obliged to condition the Commission's receiving these figures upon an assurance from us that they would be treated as strictly confidential and for restricted statistical use only and would not in any way be made public property without prior approval by you.

If this request meets with your approval, I would appreciate it if you would fix some convenient time when Mr. Purcell, Director of our Trading and Exchange Division could meet with the appropriate officials of your Department to work out the details of whatever arrangement is satisfactory to you.

Very truly yours,

Jerome N. Frank,
Chairman.

The Honorable,
The Secretary of the Treasury,
Washington, D.C.

GPurcell/bf