

CHAIRMAN'S OFFICE  
MAILED

OCT 3 1963

Signed by: \_\_\_\_\_

The Honorable Thomas P. Gill  
House of Representatives  
Washington, D. C.

Dear Mr. Gill:

Re: Honolulu Stock Exchange

Thank you for your letter of September 27 in which you make inquiry concerning the exempt status of the Honolulu Stock Exchange. This Exchange's exemption from registration is based upon Section 5 of the Securities Exchange Act of 1934, which provides, in part, that

" . . . [an exchange] is exempted from such registration upon application . . . because, in the opinion of the Commission, by reason of the limited volume of transactions effected on such exchange, it is not practicable and not necessary or appropriate in the public interest or for the protection of investors to require such registration."

The Commission granted an exemption to the Honolulu Stock Exchange on November 8, 1935. It would appear that geographical and budgetary considerations, as well as volume of transactions, may have been a factor in the Commission's decision.

In recent years, the Commission's Division of Trading and Exchanges has given consideration to recommending to the Commission that the Honolulu Stock Exchange be required to register as a national securities exchange. The elevation of Hawaii to statehood, improvements in communications and the increasing volume of transactions to which you refer in your letter, may warrant reconsideration of the decision to grant exempt status to the Honolulu Stock Exchange.

I will be happy to furnish you with any additional information that I can and to discuss this matter with you at your convenience.

Sincerely yours,

RSSAUL/NPoser/bs

cc: Mr. McCutcheon SFRO-Pennekam@  
Mr. Poser Orval L. DuBois, Sec'y  
Mr. Hull

Ralph S. Saul  
Director