

9/17/63
C. LawrenceMEMORANDUM

September 17, 1963

TO: The Board of Governors

FROM: Ruddick C. Lawrence

SUBJECT: Public Reaction to SEC Study Report -- Preliminary Findings

Ten days after the release of the final chapters of the SEC Special Study, the Exchange conducted a nationwide telephone survey to assess the influence of the Study findings on public opinion -- particularly the effect on investor confidence in the Exchange Community, and in stock investments.

Approximately 2,000 interviews were conducted under Exchange supervision by Sindlinger & Co., a leading market research organization in Philadelphia. Although complete details are still being tabulated, our preliminary review of the actual responses showed several significant findings which we think will interest the Board:

1. Roughly, only 1 out of every 4 household heads said they remembered hearing or reading about the SEC Study.
 - However, about one-third of those 1 in 4 could not recall anything specific about the Study;
 - Moreover, approximately half of those who recalled the Study could not offer any reason why the Study was made.

Our Conclusion: This suggests a remarkably low level of public interest and awareness about the entire Study.

2. Of those who were aware, reasons mentioned most frequently for the SEC Study being made included:
 - To check into unfair market practices, irregularities and wrong doings;
 - To investigate reports of manipulations;
 - To find reasons for the May 1962 Market Decline;
 - To see if more regulation of the market is necessary.

Our Conclusion: Thus, as of August, the public definitely -- except in a few isolated cases -- does not associate the NYSE with the findings of the SEC Study, nor with the reasons why the Study was made.

3. At the time the interviews were conducted (August 19 to August 30), most shareowner respondents said it was a good time to buy stock.

-- However, some shareowners -- but only a relatively small proportion (less than 5%) -- said they "lost confidence" in stock investment as a result of the SEC Study.

Our Conclusion: This confidence appears to have been reflected in recent stock market activity and price trends.

4. Among shareowners, the SEC Study had an important positive result for NYSE itself, by a ratio of 4 to 1. Thus, four shareowners out of every ten aware of the SEC Study said they have more confidence in the Exchange mainly because "the Study found nothing was wrong". Fewer than one in ten of such investors had "less confidence" in NYSE.

Our Conclusion: To paraphrase - It's an "ill wind" which does not blow some good.

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In the next few weeks, we will complete a more thorough analysis of the survey findings. We anticipate the results will be helpful in guiding Exchange public information and advertising programs, as well as in supporting our point of view in discussions with the SEC and in possible public appearances in Washington this fall or next year.

A.C.F.