

MEMORANDUM

To: Mr. Marc A. White

From: Mr. Paul Welch

Date: February 12, 1964

Re: Proposed Rule 17a-8 under the Securities Exchange Act of 1934 to require exchanges to file Reports of Proposed Rule Changes.

I reviewed the file of comments of the proposed rule change at Mr. Block's office at the Securities and Exchange Commission on February 10, 1964. Mr. Block stated the purpose of the rule was merely to establish a uniform reporting procedure by which the Commission would be kept advised of what changes the exchanges were planning to put into effect.

The file consisted of letters from thirteen exchanges and all of them were in favor of the rule or offered no objections with the exception of the New York Stock Exchange. Several of the exchanges, Boston, Cincinnati and Pacific Coast, requested a two week provision instead of the three weeks. Several others stated that they were already submitting their changes to the Commission in advance as is required by this new rule.

The New York Stock Exchange felt that the proposed rule was not the best way to deal with the problem if the Commission wished to encourage self-regulation. It also claimed that Section 17 of the 1934 Act did not give

the Commission authority to request these rules, citing Section 6(c). However, the Board of Governors voted not to oppose the proposed rule as they felt it would promote a favorable result. Additionally, the Board has adopted its own rule giving effect to the new procedures.

The Midwest Stock Exchange felt, upon preliminary examination, it was unnecessary and undesirable. However, after reviewing the Commission's covering letter in which the Commission stated it was not seeking authority to approve or disapprove exchange rules, the Executive Committee approved it.