

MEMORANDUM TO THE FILE

June 28, 1982

FROM: Robert J. Zutz
Office of Commissioner Evans

RE: June 16 meeting with Morton N. Weiss, President, National Security Traders Association and three other individuals

Mr. Weiss and the other gentlemen attended a meeting with Commissioner Evans and Commissioner Longstreth. It covered several matters, the only matter which is presently pending before the Commission that was discussed is internalization.

Mr. Weiss said he did not think that the gloss put on the DeNunzio proposal in our release is accurate. They see no need for an internalization rule. There was a discussion of the over-reaching and fragmentation arguments. It is his position that over-reaching has never been a real problem. This is because their firms must continually deal with their customers and have a fiduciary duty to their customers. They are willing to put in writing this fiduciary duty. They see exposure as a two-edged sword in that institutions do not want large block orders exposed, especially in thinly traded stocks.