

October 11, 1937

What is the SEC being publicly asked to do?

Judging by current discussion, and assuming that the SEC could in fact do all or most of the things that it is being publicly asked to do, the following list has been prepared:

1. Use its powers of exemption, which are very broad, to relax the statutory requirement that directors, officers, and principal stockholders shall report monthly their own personal operations in the equity securities of their companies and soften or suspend the rule that any profit made on any of their operations closed within a period of six months shall inure to and be recoverable by the company.
2. Permit national securities exchanges to soften or suspend rules adopted by these exchanges at the instigation of the Commission that prohibit "specialists" from effecting any trades except such trades as are "reasonably necessary for the preservation of a fair and orderly market".
3. Permit the exchanges to repeal or relax the so-called "daylight trading rules" adopted at the instigation of the Commission which require "floor traders", also "members trading from off the floor", to provide every night enough margin to margin up the maximum position held by the trader at any time during the day, and to do so on the Board's 55 percent basis even though the position has been diminished or liquidated before the close of the day.
4. Forego to some extent the practice of making inquiry into almost every case, or what seems to the Street to be almost every case, in which a large block of stocks is either bought or sold.
5. Promulgate certain rules which have long been in process of preparation under which "stabilizing" operations may take place, and let these rules be "liberal" -- thus permitting, for example, not necessarily all "pool" operations but at least the operations of "good pools".
6. Declare that as a matter of policy the Commission has found that it would be against public policy, and accordingly has decided to forego, the program of segregating broker-dealer functions.
7. Take certain steps, which lawyers and technicians are in position to specify, to cut down the trouble and reduce the expense of "registering" new issues of securities under the Securities Act of 1933.