

A meeting of the Stock Exchange Act Committee was held in Washington on Monday, June 25, 1934, at 2:00 P. M.

PRESENT: Messrs. Norris, Seay, Geery, and Calkins,
Governors of the Federal Reserve Banks
of Philadelphia, Richmond, Minneapolis,
and San Francisco, respectively.
Messrs. Curtiss, Case, and Stevens, Federal
Reserve Agents at the Federal Reserve
Banks of Boston, New York, and Chicago,
respectively.

ALSO PRESENT: Messrs. Miller and Szymczak, Members of the
Federal Reserve Board
Mr. Goldenweiser, Director of the Board's
Division of Research and Statistics
Mr. Parry, Assistant Director of the Board's
Division of Research and Statistics

Governor Norris was unanimously elected chairman of the Committee.

The Committee then considered and acted upon the following matters:

Mr. Stevens suggested that consideration be given to papers on the following subjects:

1. Statement adopted by conference of Chairmen and Federal Reserve Agents of the Federal Reserve Banks at its meeting on May 2.
2. Confidential memorandum dated June 22, being a report of the preliminary work done in the Counsel's Office and the Division of Research and Statistics in preparation for administering the Act.
3. Confidential memorandum dated June 22, being a tentative draft of principles for the administration of Sections 7 and 8 of the Securities Exchange Act of 1934.
4. Report of the Legal Department regarding provisions of the Securities Exchange Act of 1934 affecting the powers and duties of the Federal Reserve Board.

Governor Norris moved that members of the Committee be furnished copies of the four papers above mentioned and that they be made a part of the record to be studied by the Committee.

Carried.

Mr. Stevens moved that Mr. Goldenweiser read his report (3 above) to the meeting for discussion and question.

Carried.

Mr. Goldenweiser read his report. Questions were asked from time to time and the various points raised were discussed.

After certain changes in wording, Mr. Stevens moved that, there being no objections, the Committee concur in the general principles contained in Mr. Goldenweiser's report as amended.

Carried.

Mr. Stevens recommended that the Committee report to the general meeting on Tuesday morning as follows:

"First, that it is felt that these regulations should be as simple as possible in general principles without attempting to cover all sorts of specific details; in other words, they should be brief and comprehensive and should be so drawn that a certain amount of latitude be granted administrative agencies.

"Secondly, that it is felt that these regulations need not be drawn at this time to cover all the purposes of the law; that such regulations be drawn now as were mandatory, and that from time to time other regulations may be drawn as a survey shows necessary or as come up from time to time.

"Thirdly, as these regulations are drawn tentatively by the Board, it is recommended that they be submitted to the Stock Exchange Act Committee for its consideration and suggestions before permanently adopted."

A discussion ensued, at the conclusion of which it was agreed that the Committee was not prepared at the present time to

make recommendations as extensive as those above suggested.

Mr. Case offered for consideration a report to be submitted to the general meeting Tuesday morning, which was discussed, revised, and approved in the following form:

"Your Committee has carefully reviewed paragraph by paragraph the draft of principles for the administration of Section 7 and 8 of the Securities Exchange Act of 1934 as prepared by Dr. Goldenweiser and with certain minor changes in wording, it is our view that this constitutes an outline of principles in which we are in hearty accord and will be most helpful to the Committee in its further study of this subject.

"In view of the importance of the subject and the additional amount of material information which it is desirable to secure and study, your Committee expressed the view that before it is able to make definite recommendations, it will be necessary for it to make a more thorough study of the subject. To this end your Committee will undertake to keep in close contact with Dr. Goldenweiser and other members of the Board's staff, and we are assured that Dr. Goldenweiser will continue to confer with the Committee, and the members of the Committee will submit recommendations from time to time, and make a later report."

Thereupon the meeting adjourned to reconvene at two o'clock tomorrow.