

stantial portion of the tremendous market turnover this past spring and summer was attributable to the activities of institutions, including the investment companies. What is your position with respect to the influence on a free and open market of these transactions of investment companies.

First, those companies whose policy it is to turn over their portfolio, and secondly, the other companies who have substantial blocks which either are held out of the supply of the market or from time to time are sold through the market?

(The following correspondence referred to above was submitted for the record by the committee:)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C., August 3, 1967.

Mr. G. KEITH FUNSTON,
President, New York Stock Exchange, New York, N.Y.

DEAR MR. FUNSTON: One cannot but note that yesterday 13,510,000 shares were traded on the New York Stock Exchange following 12,290,000 on Tuesday, and 6,546,000 shares were traded on the American Stock Exchange following 6,108,000 on Tuesday, and also that the total volume of shares to date on the New York Stock Exchange has been 1,476 million shares compared with 1,176 million in 1966 and 802 million in 1965 to the same date, and the total volume of sales to date on the American Stock Exchange is 620 million compared with 489 million in 1966 and 261 million in 1965 to date.

In such connection, I am mindful of your testimony before our Subcommittee on Commerce and Finance on June 29, 1961 on H.J. Res. 438, a resolution directing the Securities and Exchange Commission to conduct a study of the adequacy, for the protection of investors, of the roles of national securities exchanges and national securities associations. At the time you expressed concern over the activity in the markets which then existed.

I am writing you in the thought that you might indicate to me just what is going on now in the stock markets which gives rise to this tremendous and increased volume of transactions and how the situation now may differ from that of six years ago.

You may also wish, in view of the pendency of the end of your term as head of the exchange, to utilize this opportunity to give some accounting of your stewardship by setting out the steps which have been taken by the exchange during these past six years to strengthen the protection afforded to investors.

With continuing good wishes to you in your new undertaking.

Sincerely yours,

HARLEY O. STAGGERS,
Chairman.

NEW YORK STOCK EXCHANGE,
New York, N.Y., August 23, 1967.

HON. HARLEY O. STAGGERS,
Congress of the United States,
Committee on Interstate and Foreign Commerce,
Rayburn House Office Building,
Washington, D.C.

DEAR CHAIRMAN STAGGERS: I am pleased to reply to your letter of August 3, in which you ask my views on the reasons for today's heavy volume on the New York Stock Exchange and offer me the opportunity to discuss measures taken by the Exchange to provide increased protection for investors during the past six years. I would like to discuss these two distinct and extensive subjects separately.

SOURCES OF TODAY'S EXCHANGE VOLUME AND COMPARISONS WITH 1961

Average daily volume for the first seven months of the year was 9.9 million shares compared with 4.1 million shares in 1961, a gain of over 100%. The Ameri-