Frankly, one of the amazing things to me is the resilience that the floor of the exchanges have shown to this fantastic development of the last several years.

Mr. Moss. Thank you. Mr. Keith.

Mr. Keith. Thank you, Mr. Chairman.

I think we, too, on this committee have been amazed at the ability of the market to handle these tremendous sales. You have just referred to this as a fantastic development. It makes me wonder whether or not further interest on the part of Congress to this fantastic development is necessary. Do you have sufficient authority in the exchange to expose to the light of day these activities that thus far you have been able to live with? Are you concerned about the continued spiraling or acceleration of the institutional buying to the extent that you feel that perhaps some kind of study should be made either by the SEC or by the industry, or by the institutions, or by all three?

Mr. Haack. Well, I would say, first of all, that any additional information or light that is thrown on any problem area is most welcome and, absent it, you and the SEC and the self regulators are operating in a vacuum. I don't feel that the need is particularly urgent at this time.

So far as our concern of this spiral is involved, I think it imposes on us some obligations to make certain that our specialist system is well financed. As a matter of fact I have on my desk at the moment a proposal involving a credit bank for specialists, which would increase their already substantial financial abilities.

One thing that does concern me, and this again is a personal point of view, is the increased reliance of the investment industry on institutional activity for profitability. I remember some 25 years ago, when I started in the business, a lot of firms got the majority of their income from the relatively small investor. Now everybody is looking for the big ticket. You want to call on an insurance company or a mutual fund. The question in my mind is whether or not the funds are becoming so important to firms and to individual salesmen that there is a tendency to give shorter shrift to the individual investor, which I think works to the detriment of everything that we are striving for.

The individual investor has been the bulwark of the auction market, and I again remember not so long ago when a specialist book would have many bids and offers up and down from the present marketplace. That is not always the case today. And absent that public investor, there is a greater burden put on the specialist, and this I think stems from the greater reliance for profitability on institutions.

I think it ties in with the problem that any action taken in this legislation that would further curtail the economic incentive for broker-dealers to contact the individual investor undoubtedly redounds to the detriment of the whole system, and that is a personal point of view, but I would subscribe to it.

Mr. Stuckey. Would the gentleman yield for a minute?

Mr. Keith. Yes.

Mr. Stuckey. Are you saying then that using the specialist system has not worked well?