closure is the primary purpose in all of these hearings. I would like it to be directed to the committee.

Mr. HAACK. We will do that by letter.

Mr. MOSS. We will hold the record at this point to receive it.

(The following letter was received by the committee:)

NEW YORK STOCK EXCHANGE,
New York, N.Y., November 2, 1967.

Hon. JOHN E. MOSS,
Chairman, Subcommittee on Commerce and Finance, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN MOSS: During my recent appearance before the Subcommittee on Commerce and Finance, Congressman Keith requested that I review the data relating to sales charges for Monthly Investment Plan accounts that appears on Page 397 of the Senate Hearings on S. 1659 and that I comment on this data by letter for inclusion in the Record. I am pleased to offer the Exchange's comments in the following paragraphs.

In brief, it is our opinion that while the example appears to be arithmetically correct, given the underlying assumptions, it does not reflect the experience of investors with M.I.P. accounts in a meaningful way. This stems, in large part, from the fact that the example is based on a purchase of less than $100 and a subsequent sale of less than $100. Actually, the number of cases where an individual would open an M.I.P. account and later terminate it with total purchases of less than $100 would be very rare. Further, it is customary to regard the odd-lot differential as part of the price of the security rather than as part of the commission charge.

The experience of our member firms has been that (1) the majority of M.I.P. accounts are started with an initial investment that is substantially greater than the subsequent monthly payments; (2) the typical plan lasts for 2 to 2½ years with a total of 15 to 18 payments; and, (3) when a plan is terminated with a sale, the value of the stock sold is $1200–1500. The commission charges can be illustrated by the following example, using round figures for purposes of clarity.

	Cost	Commission	
		Amount	Percent
Purchases:			
Initial payment	$500	$10	2.0
10 monthly payments of $100	1,000	60	6.0
Total	1,500	70	4.7
Sale:			
Total amount realized	1,500		
Commission	(1)		

[1] $20 or 1.3 percent.

In this example, commissions amount to six percent of the combined purchases and sales. Other combinations of initial and monthly payments or inclusion of the odd-lot differential could increase commission charges somewhat. It is extremely unlikely, however, in our opinion, that any realistic combination of purchases and sales would result in a total commission charge approaching 13 percent. This would be so even if the maximum charge shown on Page 397 of the Senate hearings is assumed to apply to the initial purchase. The accumulation of monthly payments together with appreciation during the period of the plan could be expected to result in a substantially lower commission charge on the terminal sale. As shown in the example, while commissions represented 4.7 percent of total purchases, the Commission on the sale amounted to only 1.3 percent of the sum realized.