proved to be a helpful tool not only to the Exchange, but also to members in supervising the activities of their employees.

Early this year, the Exchange began surveying a nationwide sampling of member organization branch offices on a periodic basis to assess the extent and quality of public participation in American Stock Exchange issues. These surveys provide the Exchange with an indication of the nature of high volume markets and help to identify the point at which the Exchange should consider taking cautionary or other action.

During recent weeks, speculative trading activity has been a source of increased concern to member organizations and to the Exchange. On July 11, 1967, the Exchange recommended to its members that they give special attention to firm sales policies and procedures to determine their adequacy and effectiveness in light of current market conditions and investor attitudes. The Exchange emphasized that members should step up their efforts to see that the implications of current activity are carefully weighed by all investors.

Listing Standards.—Strengthening of Exchange listing standards over the past five years is now bearing fruit in the listing of securities of quality companies. However, the Exchange must continue to assure itself that a security is suitable for auction market trading and that the issuer of the security is in a position to meet the obligations assumed by listing. We have previously indicated to the Committee that we are testing the adequacy of present listing and delisting criteria in light of past experience and changing market conditions. In this connection, last month we revised our listing requirements to obtain more detailed data on the distribution of shares of issuers applying for listing. The new requirements will aid in evaluating an issue's suitability for auction market trading by enabling the Exchange to determine whether an issue has only local interest and the extent to which the public float includes substantial blocks owned by institutions and insiders.

Future Programs.—At our Annual Meeting in May, a major facilities program involving the trading floor and related member and public facilities was announced. By modernizing our trading floor, we will be able to provide a public auction market, not only under today's high volume conditions, but with even greater volume expected in the future.

We cannot precisely foresee, at this time, the eventual scope of the assistance that may be offered by automation. We are presently surveying our overall automation planning and we hope eventually to have an on-line stock watch system, a transaction journal and other means of rapidly ascertaining when unusual activity occurs and the source of such activity.

I hope this letter is helpful in bringing you up to date on developments of the Exchange. If it appears that we can provide further information of possible use to you and your Committee members, I hope you will be in touch with us.

Sincerely,

RALPH S. SAUL, *President.*

Mr. MOSS. Our next witness is Mr. James E. Day, president of the Midwest Stock Exchange.

We must have order, in order that the time of the committee can be conserved. Mr. Day, you may proceed.

STATEMENT OF JAMES E. DAY, PRESIDENT, MIDWEST STOCK EXCHANGE; ACCOMPANIED BY FRANK J. ROTHING, SENIOR VICE PRESIDENT; JOHN G. WEITHERS, VICE PRESIDENT AND SECRETARY; AND JOSEPH N. MORENCY, JR., LEGAL COUNSEL

Mr. DAY. Mr. Chairman, in an effort to conserve time, may I request your permission to enter our formal statement in the record?

Mr. MOSS. Without objection, the permission is granted.

Mr. DAY. I will merely give excerpts of the major points, and hopefully a clearer and somewhat expanded presentation in our summary.

Mr. MOSS. Thank you. You may proceed.

Mr. DAY. Mr. Chairman, I am James E. Day, president of Midwest Stock Exchange, located in Chicago, Ill. With me today from our