of generally 'thinner' markets, demands on the specialist ssytem have become greater than in prior times, and greater for some securities than others."

And the following recommendations:

"1. It is essential for the Commission to improve its facilities and programs for continuous accumulation of data with respect to fundamental, but often obscure, changes in the components, uses and needs of the total pattern of trading markets; i.e., the separate markets when considered in relation to each other. This need, together with others discussed in chapters VI, VII, and VIII, calls for both a reappraisal of present reporting systems, with full regard to the burden of supplying particular information in relation to its utility in the public interest, and a considerably wider perspective as to potential uses of data processing equipment in discharging the Commission's regulatory responsibilities.

"2. The Commission should establish a separate, permanent policy and planning unit within its staff, having the responsibility of accumulating and analyzing pertinent data bearing on market patterns and practices generally, making special studies as the need may be indicated, and reviewing policies and regulations in light of changing circumstances."

Part 4, pages 844–47, dealing with institutional activity in the May 1962 market break.

What we said in the passages referred to above and elsewhere in the Special Study Report was based on voluminous statistical and other data compiled and analyzed over a period of time by a 65-man study group. On the other hand, as I mentioned at page 637 of the typewritten transcript, I personally have had neither the occasion nor the facilities to gather any similar data covering the period since 1962. Accordingly, I have no real basis to express any further views at this time on the questions posed in your letter, other than to say that it is my general impression that (i) the conclusions and recommendations that we expressed in 1963 have generally been supported and confirmed by subsequent experience, (ii) inevitably, because of implementation of Special Study recommendations or for other reasons, important changes of various kinds have taken place in the securities markets since completion of the Special Study, and (iii), of particular relevance to your inquiries, the mutual funds' and other institutions' share of ownership and activity in corporate equity securities has grown very significantly.

I would also point out in the latter connection that the 1963 Report itself, having emphasized the already evident trend toward institutionalization of the securities markets and the dynamic and changing character of such markets generally, went on to stress the need to gather relevant data on a continuous basis and to re-examine from time to time the adequacy of market mechanisms and regulatory measures in light of observed changes; see, in addition to certain of the passages quoted above, the following passage from the Special Study's first transmittal letter dated April 3, 1963 (reprinted in Part 1, page xiv, and Part 5, page 22):

"A corollary of prime importance is that broad-gaged studies of the kind undertaken by the Special Study cannot be once-in-a-generation affairs but should be a major part of the Commission's regular and continuous activities. To be able to see the forest instead of just the trees, to be able to evaluate current trends and future potentials as well as past results, the Commission should have a permanent staff group, small but expertly manned, that is free from routine administration and assigned the responsibility of observing and measuring important trends, identifying and evaluating new developments, and from time to time making special studies of particular subjects. . . ."

To the extent that the Commission has not heretofore implemented these recommendations for continuous compilation and study of relevant data (not limited to institutionalization but covering other important trends as well) I would strongly urge that it be encouraged and enabled to do so, as I believe that the kinds of questions posed in your letter do need re-examination from time to time in the public interest but are too important and too complex to be answered even by an expert body except on the basis of adequate current data. Such data might also be useful in determining whether, and, if so, in what manner, certain recommendations of the Special Study not yet implemented should be put into effect, and what additional or substitute measures may be indicated from time to time. For example, it appears from Mr. Haack's testimony on October 17 (page 590 of the typewritten transcript) that the New York Stock Exchange presently has under consideration a measure resembling one of the