rule of thumb was that the securities business was profitable with 2 million shares on the New York Stock Exchange and that that figure was set more recently at somewhere around 3 million shares a day with the concurrent trading of the American Stock Exchange.

Now, we have been witnessing trading days of up to 10 million shares a day. What is it that is unsound about the securities industry in view of this volume already achieved?

Mr. DAVANT. The volume, sir, has a way of coming and going, particularly in this business. Our break-even point now is a good deal higher than the 3 million shares per day. In 1965, it was 4.8 million. The most recent break-even point I have seen is approximately 7 million shares per day.

Mr. MOSS. Would you supply the committee with that data and the source of it.

(The following information was received by the committee:)

BREAK-EVEN POINTS ON SECURITY COMMISSION BUSINESS—1961–1966

According to reports prepared by the New York Stock Exchange on the income and expenses of member organizations, the break-even points on security commission business between 1961 and 1966 are as follows:

Year	Break-even point (shares)	Average daily NYSE reported volume (shares)
1961	3,100,000	4,100,000
1962	3,700,000	3,800,000
1963	3,900,000	4,600,000
1964	4,100,000	4,900,000
1965	4,800,000	6,200,000
1966	5,900,000	7,538,000

During 1967, the break-even point has risen further, to approximately the 7 million share level and perhaps above that level. The staff members of the Exchange responsible for assembling and analyzing these data have corroborated my judgment here.

The Exchange defines the break-even point as the minimum average daily NYSE reported volume needed by member organizations doing business with the public to cover expenses on their security commission business. Among the special factors at work recently tending to push the break-even point higher have been the increased costs of plant and equipment—especially data processing machinery, the cost of overtime to handle present workloads, the recruiting, breaking-in and training of new and lesser skilled employees, the second shift operations to handle volume, and the special costs generated by the log jam of paperwork that has hampered efficient operations in many back-offices.

Mr. DAVANT. Yes, sir.

Mr. MOSS. Is that on the stock exchange alone?

Mr. KENDALL. Sir, these data are from the New York Stock Exchange 1967 Fact Book. They report here the figures through 1965, based on the New York Stock Exchange Income and Expense Report, which is an official report made by member organizations to the exchange.

The 1966 figure should now be available. I do not have it here, but we would be pleased to make it available to you.

Mr. DAVANT. Mr. Chairman, the cost of doing business has risen substantially in this business as I suppose in most businesses. For instance, when I started some 22 years ago, I was told to go out and sell. Here is a book. We now train our sales representatives over a pe-