

riod of 6 to 8 months, speaking from my own firm's experience, and we estimate our cost at about \$15,000 per man, before he is permitted to deal with the public.

Mr. Moss. But you have reached about the 2 billion point trading volume this year, with the average of course at 10 million a day, which appears to still be a relatively profitable area. As I recall a recent study indicates that the commissions paid last year were in excess of 1.4 billion, or about one-half of 1 percent of the gross national product, which suggests a rather significant volume of income come from the exchanges. Is that correct? Are you having difficulty hearing?

Mr. DAVANT. Yes, sir; I am.

Mr. Moss. That is a most unusual experience for me to have people who have difficulty hearing me.

Mr. DAVANT. I am sorry, sir. Now I can hear you.

Mr. KENDALL. Sir, if I may, I think truthfully what has happened to us is that in the last 2 to 2½ years the volume of activity on exchanges had doubled. In order to accommodate to this, we have had an increase in overtime, an increase in costs of operations that have been of an almost, I don't want to use the word, "crash"—

Mr. Moss. Isn't that precisely what it is? You have had an unanticipated growth.

Mr. KENDALL. That is right, sir.

Mr. Moss. And it has been riding for some time at a very large level which was also unanticipated.

Mr. KENDALL. That is correct.

Mr. Moss. And as a result you have found yourself faced (1) with a lack of trained personnel, (2) with a lack of automation sufficient to handle the volume, and (3) you have been required to engage in the uneconomic practice of excessive use of overtime.

Mr. KENDALL. Correct.

Mr. Moss. You tend to shy away from overtime. You reach a point where physical resources don't match perhaps the appetite for dollars.

Mr. KENDALL. That is correct, sir, and for example, to go further on this point, as the new president of the association, the first assignment the board gave me was to add to our staff a director of personnel development who has the specific assignment of attracting, recruiting into Wall Street and training up to 10,000 new employees for the operations area, not the sales area but the operations area, within the next 6 to 9 months.

Mr. Moss. That gets me on to my next question. On page 4 of the revised statement you discuss the growth and the need for a greatly expanded sales force, projecting I think through the year 1975. But if the present trend for institutional buying or institutionalization continues, does it follow that there will be the same requirement for increased sales representatives by members of the exchange to sell issues on the exchange?

Isn't it more likely that the recruiting problem will be to recruit the sales force to sell mutual funds rather than the exchange shares themselves?

Mr. DAVANT. Mr. Chairman, I speak in reference again to my own firm. Approximately 6 percent of our income is derived from the sale