

A Survey of
PUBLIC AWARENESS and REACTION
to
SEC SPECIAL STUDY of SECURITIES MARKETS

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New York Stock Exchange
Dept. of Research & Statistics

SURVEY OBJECTIVES

1. To measure the extent of broad public awareness of the SEC Special Study of the Securities Markets;
2. To evaluate the effects, if any, of the published results of the SEC Study on shareowner attitudes toward the NYSE;
3. To obtain an indication of the impact of the SEC Study on shareowner confidence in stock investment.

SCOPE & METHODOLOGY

The final chapters of the SEC Special Study were released to the public on August 8, 1963. (Earlier sections of the SEC report were made public on April 3 and July 17, respectively.)

From August 7 to August 26, 1963, telephone interviews were conducted with two independent samples of male and female household heads in the United States by Sindlinger & Co. -- a leading independent market research organization.

Sample A -- TOTAL HOUSEHOLD POPULATION

A random sample of 1,500 households was selected within the framework of the Sindlinger basic national probability sample of 303 counties, representing all counties in contiguous U.S.

Interviews were completed with 1,159 respondents representing a completion rate of 77%; 55% of the completed interviews were male household heads and 45% female.

Sample B -- SHAREOWNERS

This sampling frame was composed of respondents to basic nationwide Sindlinger surveys previously interviewed during the period May 4th to August 2nd, 1963. A sub-sample of approximately 1,500 households originally classified as share-owning households was selected for interviewing in this special survey designed to obtain more detailed information about shareowner awareness of and reactions to the SEC report.

Interviews were completed with 1,122 household heads -- representing a completion rate of 75%. However, 199 interviews were eliminated (primarily because they were no longer shareowning households), leaving a net total of 923 qualified respondents. Of this total, 58% were male household heads and 42% female.

MAJOR CONCLUSIONS

1. Despite generally widespread coverage by press, radio and television, the publication of the SEC's Study of the Securities Markets appears to have had little impact on the public. Two weeks after the final chapters were released, only about 1 out of 6 households in the United States (roughly 14.6 million adults) said they recalled hearing or reading anything about a study of the stock market.

Furthermore, 52% of these 14.6 million people could not remember anything in particular that the SEC Study had to say. This means that fewer than 7 million household heads could actually recall something specific about the SEC Study only two weeks after the final chapters were made public.

2. Awareness of the SEC Study was nearly 3 times greater among shareowners than non-shareowners. As would also be expected, the incidence of awareness was greatest among higher income groups and active investors.
3. Further evidence that the SEC Study had little impact is shown in the responses to the question, "Why do you think the Study was made?" 42% of those who said they remembered the Study could not offer any reason or gave a completely unrelated answer.

It is significant, however, that those who gave reasons for the SEC Study mentioned "manipulation or questionable market practices" most often. Apparently, many people assume that this would be the only reason important enough to justify a study of this kind.

4. The survey findings clearly indicate that the public did not instinctively associate the SEC Study with the New York Stock Exchange. The public did not regard the SEC Study as an investigation of the NYSE.

Moreover, very few respondents aware of the SEC Study could recall any particular references in the SEC Report to floor traders, specialists, odd-lot transactions or short selling.

5. Another highly significant finding of the survey is the strong emphasis on the need for additional regulation of the securities markets. The sentiment in favor of more regulation appears to be greater now than it was in 1959. However, the SEC does not appear to have been a major cause of increased public desire for more controls on the stock market.

A corollary to the strong demand by the public for more regulation is the belief that this regulation should come from the stock exchanges exclusively, or from the exchanges and the government combined. Only a small minority, 1 out of 7, said additional controls should come entirely from the government.

6. The survey results clearly demonstrate that the SEC Study had very little, if any, adverse effect on investor confidence in the Exchange or in stock investment. It could be argued that the SEC Report actually bolstered public confidence in the Exchange.

It would also appear that, on balance, shareowner confidence in stock investment was enhanced by the SEC Study which they believe showed nothing seriously wrong in the stock market. The strength of shareowner confidence in stocks and the stock market is evidenced by the substantial proportion of respondents who said, in August 1963, "it was a good time to buy stock".

Even the small minority who felt it was not a good time to buy stock were not basing their opinion on anything associated with the SEC Study. They merely believed that market conditions were just not right at that time.

7. The course of the market since August 1963 when the SEC Report was completed and released is further evidence of the public's fundamental confidence in the Exchange and stock investment.

DETAILED FINDINGS

I. AWARENESS & RECALL - GENERAL

- | | |
|--|--|
| <p>-- Approximately 10 days to 2 weeks after public release of the final chapters, 15%, or roughly 1 out of 6 household heads in the U. S. remembered hearing or reading about the SEC Special Study of the Securities Markets.</p> | <p>Total
Population
(Table I)</p> |
| <p>-- Among male household heads interviewed, 20% said they were aware of the Study compared with 10% among female household heads.</p> | <p>Men vs.
Women
(Table I)</p> |
| <p>-- 28% of shareowning household heads and 10% of non-shareowning household heads claimed they recalled the Study.</p> | <p>Shareowner
vs.
Non-share-
owner
(Table I)</p> |
| <p>-- Awareness of the SEC Special Study was highest (23%) in the West (which also has the highest overall educational level of the four major areas of the U. S.). In each of the other areas (East, Midwest and South), awareness level was 13%.</p> | <p>Regions
(Table I)</p> |
| <p>-- The 14.6 million household heads (both shareowners and non-shareowners) who recalled the Study were, on the average, slightly older -- and had substantially higher incomes -- than those who did not recall the Study. The median age of those who remembered was 46 compared with 44 for the "unaware" group. People under 35 had the lowest recall level (10%). The 35-44 age bracket reported the highest awareness (17%).</p> | <p>Age
(Table II)</p> |
| <p>-- The median household income of those who said they knew about the Study was \$8,100 compared with \$5,800 for those who did not. In general, awareness paralleled income. The highest incidence of awareness was among those with household incomes over \$10,000 (36%), compared with 19% for those with incomes between \$7,500 and \$10,000, and 7% for the under \$5,000 income group.</p> | <p>Income
(Table II)</p> |

- Active shareowners were more likely to be aware of the SEC Study than were inactive investors. For example, more than half the shareowners who bought or sold stocks through a broker within the past 12 months were aware of the Report. 3 out of 4 shareowners who never bought or sold through a broker were not aware of the Study.
- Active vs. Inactive Investors (Table III)

II. WHO MADE THE STUDY AND WHY

- 25% of the 14.6 million household heads who recalled the Study identified the SEC as the organization that had conducted the Study. 19% mentioned "Government", "Congress", or the "President". Almost half (49%) said they didn't know or couldn't remember.
- Recall of SEC by General Population (Table IV)

- Among shareowners aware of the Study, 34% mentioned the SEC and 15% said "the Government". 2% said it was the NYSE, 5% mentioned a variety of non-governmental organizations and 45% didn't answer at all. Some of the "other" organizations mentioned by shareowners were:

Atomic Energy Commission
Dow Jones
Chicago Daily News
Brookings Institute
U.S. News & World Report
Ford Foundation

- 3 out of 10 respondents aware of the SEC Study could not offer any reason why the Study was made. Another 10% gave a completely unrelated answer.
- Reasons for SEC Study (Table V)

"Manipulation -- questionable market practices" was mentioned most often by shareowners. Among non-shareowners, "to inform or protect the investor or public" was the main reason.

"To see if more regulation is needed", "Just wanted to investigate the market" and "Investigate stock market decline" were other reasons cited often by both shareowners and non-shareowners.

III. RECALL OF NYSE AND OTHER SPECIFIC SEC FINDINGS

- | | |
|---|--|
| <p>-- 64% of shareowners who said they recalled the Study did not remember whether or not the NYSE was mentioned. 10% said the Study "gave the NYSE a clean bill of health". But, 7% said the Study pointed out "some irregularities on the NYSE", and 5% believed the Study said "NYSE should do a better job regulating the market, brokers".</p> | <p>Recall of NYSE as Subject of SEC Study (Table VI)</p> |
| <p>-- In response to direct questions (aided recall), only a minority of shareowners familiar with the Study were able to recall anything about the SEC's references to floor traders, specialists, commissions, odd-lot transactions and short selling.</p> | <p>Aided Recall of Specific SEC Findings</p> |
| <p>-- In reply to a specific question, 46% of the shareowners aware of the Study said they recalled something about commissions in the SEC Report. 11% said "commission charges are too high". 5% referred to odd-lot commissions and 5% talked about mutual fund sales charges.</p> | <p>Commissions (Table VII)</p> |
| <p>-- 46% of shareowners aware of the Study also said they remembered something about floor traders. "Abolish floor traders" was mentioned most often, "floor traders manipulate market, make unfair profits" was next in frequency.</p> | <p>Floor Traders (Table VIII)</p> |
| <p>-- SEC discussion of odd-lot transactions was recalled by 41% of shareowners aware of the SEC Study. Significantly, however, 2 out of 3 of this group couldn't remember anything in particular the Study said about odd-lot transactions. Among those who did recall, "Commissions are higher on odd-lots than round lots" and "odd-lot commissions are too high -- unfair to small investor" were mentioned most often.</p> | <p>Odd-Lot Transactions (Table IX)</p> |

- Though prompted by a specific question, just 43% of the shareowners aware of the Study said the SEC report discussed short selling. However, two-thirds of these "informed" shareowners could not recall anything in particular on this subject.

Short
Selling
(Table X)
- Shareowners who said they were aware of the SEC Study were least responsive to a question concerning specialists. Even on an aided recall basis, only 33% said the report mentioned something about specialists. But, more than half of these respondents could not play back anything in particular. A small percentage said "Study was critical of specialists" or claimed the SEC said that "specialists interfere with stock prices, manipulate prices".

Specialists
(Table XI)

IV. ATTITUDE TOWARD MORE GOVERNMENT REGULATION

- Half of the shareowners aware of the SEC Special Study said they were in favor of more regulation on the way stocks are bought and sold on stock exchanges. Among shareowners not aware of the SEC Study, 30% said there should be more regulation.

Attitude
Toward More
Regulation
(Table XII)
- Shareowner sentiment in favor of more regulation was much stronger than at the time of the 1959 Public Attitude Study, when 19% of shareowning respondents believed additional regulation of stock exchanges was necessary.

Comparison
with 1959
- Accompanying the trend in favor of additional regulation was a strong belief that the additional controls should be the responsibility of stock exchanges. Among those shareowners who want additional regulation, 29% said it should come from the stock exchanges themselves. 13% said the government, while 58% said both the exchanges and the government should provide more regulation.

Where More
Regulation
Should Come
From
(Table XII)

V. ATTITUDES TOWARD NYSE

- 31% of the shareowners had more confidence in the NYSE as a result of the SEC Study, while 9% said they had less confidence. 29% believed the Study had no effect on their confidence and 31% had no opinion.

Confidence
in NYSE
(Table XIII)
- Men shareowners were generally more favorable to the NYSE than women. 34% of the men reported more confidence compared with 24% of the women. However, less than 10% of both men and women had lost any confidence in the Exchange. More than half of female respondents had no opinion one way or the other compared with 23% of the men.

Men vs.
Women
(Table XIII)
- Shareowners in the Midwest gained more confidence in the NYSE than shareowners in the three other major geographic regions. 44% of the Midwesterners said they had more confidence, compared with 35% in the West, 27% in the East, and 22% in the South.

Regions
(Table XIII)
- "Better controls now; more protection" was the main reason cited by shareowners who said they had more confidence in the NYSE. Other reasons mentioned were, "the Study found nothing wrong with the NYSE", and "people are better informed about the market, market abuses".

Reasons
for More
Confidence
(Table XIV)
- The 1 out of 10 shareowners with less confidence in NYSE gave as their principal reason, "people are more cautious because of investigation; have less confidence in NYSE". "Need for more regulation" was also mentioned frequently.

Reasons
for Less
Confidence
(Table XIV)

VI. CONFIDENCE IN STOCK INVESTMENT

- 40% of shareowner respondents expressed greater confidence in stock investment as a result of the SEC Study. 15% said they had less confidence. 29% said their confidence was unchanged.

Confidence
in Stock
(Table XV)

- A larger percentage of women shareowners (43%) than men (39%) felt they had more confidence in stock investment.

Men vs.
Women
(Table XV)
- Shareowners in the Midwest and West showed the highest proportions with greater confidence , 46% and 45% respectively. The East followed with 39% and the South with 31%. The proportion of shareowners with less confidence in stock investment was largest in the South (22%). This compared with 17% in the West, 15% in the Midwest and 11% in the East.

Regions
(Table XV)
- "Better controls now; more protection; more honest" was the reason mentioned by roughly one-third of those shareowners who had more confidence in stock investment. "People are better informed about the market" and "the Study found nothing wrong -- people have more confidence in the market" were also cited frequently.

Reasons
for More
Confidence
(Table XV)
- Although "better controls now; more protection; more honest" received the most mentions by both men and women shareowners with greater confidence in stocks, women were generally less articulate about expressing their reasons for their attitudes. Over half the women shareowners gave no reason for feeling more confident in stock investment.

Men vs.
Women
- Of the small minority of shareowners aware of the SEC Study who expressed less confidence in stock investments, nearly half felt the SEC Study "made people more cautious; reluctant to buy stock". "Because of manipulation in the market", "need for more regulation" were other reasons.

Reasons
for Less
Confidence
(Table XVI)
- 68% of shareowner respondents were in favor of more people owning stock. (There was no significant difference in the attitude toward broader shareownership among shareowners who were aware of the SEC Study and those who were not.)

Attitudes
Towards
Broader
Shareownership
(Table XVII)

- In 1959, the Public Attitude Study showed that 65% of adults in shareowning households believed in more widespread ownership of stock.

Comparison with 1959
- 1 out of 3 shareowners aware of the SEC Study said they had lost money in the stock market. 43% of this group had experienced this financial loss in 1962-63, 21% in the 1959-61 period, 16% mentioned 1929 or earlier. Among shareowners not aware of the SEC Study, 19% claimed to have been financially hurt in the stock market.

Shareowners Who Lost in Market (Table XVIII)
- Both groups of shareowners blamed their losses mainly on their own poor judgment. Other important reasons were economic recession and a depressed market. Only 4% of the shareowners who experienced financial loss in the market said a broker was to blame.

Reasons for Loss (Table XIX)
- In 1959, 24% of shareowner respondents said they had at some time suffered a financial loss in the stock market.

Comparison with 1959
- At the time of the field interviews (August 1963), 54% of the shareowning household heads interviewed said it was a good time to buy stock. 23% said it was not a good time and 23% were undecided.

Attitude Toward Current Market (Table XX)
- "Economy is growing and so will stock prices", "market is healthy, stock prices attractive" and "any time is a good time to buy stock" were the three principal reasons given by shareowners for saying it was a good time to buy.

Reasons Why Good Time To Buy Stock (Table XXI)
- "Market is too high" was mentioned most often by shareowners who thought August 1963 was not a good time to buy stock. "Market conditions are unstable" and "Market is uncertain" were two other major reasons.

Reasons Why Not Good Time to Buy (Table XXI)

TABLE II

AGE & INCOME OF HOUSEHOLD HEADS

Base: (All household heads.)

<u>Age</u>	<u>Aware of SEC Study</u>	<u>Not Aware of Study</u>	<u>Per Cent of Each Age Group Who are Aware</u>
Under 35 Years	19.0%	28.4%	10.3%
35 - 44	28.6	23.5	17.4
45 - 54	24.4	22.4	15.8
55 - 64	15.5	14.2	15.8
65 and Over	12.5	11.5	15.7
TOTAL	100.0%	100.0%	14.8%
Median	46	44	

* * *

<u>Household Income</u>	<u>Aware of SEC Study</u>	<u>Not Aware of Study</u>	<u>Per Cent of Each Income Group Who are Aware</u>
Under \$5,000	16.4%	39.5%	6.7%
\$5,000 - \$7,500	28.2	34.3	12.4
\$7,500 - \$10,000	21.8	16.1	18.9
\$10,000 and Over	33.6	10.1	36.4
TOTAL	100.0%	100.0%	14.8%
Median	\$8,100	\$5,800	

TABLE III

YEAR OF LAST TRADE (PURCHASE OR SALE) THROUGH A BROKER

Question: "When was the last time a member of your household
purchased or sold any stock through a stock broker?"

Base: (All shareowning household heads.)

<u>Year of Last Trade</u>	-----Shareowning Household Heads-----			
	<u>Aware of Study</u>	<u>Not Aware of Study</u>	<u>Per Cent of Each Group Who Were:</u>	
			<u>Aware</u>	<u>Not Aware</u>
Within Past 6 Months	38.7%	19.7%	57.2%	42.8%
7 - 12 Months Ago	14.8	9.1	52.6	47.4
Over a Year Ago	25.9	25.3	49.9	40.1
Never	14.5	32.5	23.4	76.6
Don't Know, Refused	6.1	13.4	23.7	76.3
 TOTAL	 100.0%	 100.0%		

TABLE IV

NAME OF ORGANIZATION THAT CONDUCTED SEC STUDY

Question: "Could you tell me who made this study?"

Base: (Estimated 14.8% of all household heads or those who said they recalled the SEC Study.)

<u>Organization</u>	<u>----- Household Heads -----</u>		
	<u>Total</u>	<u>Shareowners</u>	<u>Non-Shareowners</u>
SEC	24.6%	33.6%	15.5%
Government (Other than SEC, e.g., Congress, President)	19.3	14.8	24.1
NYSE	1.2	2.3	---
Other (Non-Government)	5.9	4.5	7.4
Don't Know	49.0	44.8	53.0
TOTAL	100.0%	100.0%	100.0%

TABLE V

REASONS WHY THE STUDY WAS MADE

Question: "Why do you think this study was made?"

Base: (Estimated 14.8% of all household heads or those
who said they recalled the SEC Study.)

<u>Reason</u>	<u>-----Household Heads-----</u>		
	<u>Total</u>	<u>Shareowners</u>	<u>Non-Shareowners</u>
Manipulation -- questionable market practices	22.4%	29.7%	14.8%
To inform -- protect investor (public)	15.2	12.3	18.2
To see if more regulation is needed	12.2	10.0	14.6
Just wanted to investigate the market	7.1	7.9	6.3
Stock market decline	5.6	9.0	2.1
Other - (Not related to SEC Study)	10.7	12.3	9.1
Don't know	31.7	23.4	40.3
TOTAL*	104.9%	104.6%	105.4%

* Adds to more than 100% because some people gave more than one answer.

TABLE VI

KNOWLEDGE OF REFERENCE TO NYSE IN STUDY FINDINGS

Question: "Could you tell me what, if anything, the study we have been discussing said about the NYSE?"

Base: (Estimated 7.4% of all household heads or those shareowning household heads who said they recalled the SEC Study.)

<u>Typical Response</u>	<u>Per Cent of Mentions</u>
Don't remember anything about NYSE.	63.6%
Gave NYSE clean bill of health.	10.0
'Some irregularities on NYSE.'	6.7
'NYSE should do better job regulating market, brokers.'	4.9
Criticized specialists.	2.7
'Study was all or mainly about NYSE.'	2.7
'Abolish floor traders.'	2.0
Misc. comments.	10.7
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TOTAL *	103.3%

*
* Adds to more than 100% because some people gave more than one answer.

TABLE VII

RECALL OF REFERENCE TO COMMISSIONS IN SEC STUDY

Question: "Do you recall hearing or reading anything from the report about the commissions that are charged on stock transactions?" If yes, "What do you recall?"

Base: (Estimated 7.4% of all household heads or those shareowning household heads who said they recalled the SEC Study.)

<u>Response</u>	<u>Per Cent of Shareowning Household Heads</u>
No	54.0%
Yes	46.0
Commission charges are too high	10.8%
Commissions on odd-lots too high; small investor pays more than big investor	5.4
Mutual fund commission rates too high; front-end load too high	5.2
Don't remember	24.9
 TOTAL	 100.0%

TABLE VIII

RECALL OF REFERENCE TO FLOOR TRADERS IN SEC STUDY

Question: "Do you recall reading anything from the study about the activities of floor traders?" If yes, "Briefly, what do you recall?"

Base: (Estimated 7.4% of all household heads or those shareowning household heads who said they recalled the SEC Study.)

<u>Response</u>	<u>Per Cent of Shareowning Household Heads</u>
No	54.4%
Yes	45.6
Abolish floor traders	13.6
Floor traders manipulate the market; make unfair profits	7.0
Need for more restrictions on floor traders	4.8
Have advantage over the public	1.7
Don't remember	19.2

TOTAL	100.0%

TABLE IX

RECALL OF REFERENCE TO ODD-LOT TRANSACTIONS OF SEC STUDY

Question: "As far as you know, did this report have anything to say about transactions involving buying or selling less than 100 shares of stock, commonly called odd-lot transactions?"
If yes, "What do you recall?"

Base: (Estimated 7.4% of all household heads or those shareowning household heads who said they recalled the SEC Study.)

<u>Response</u>	<u>Per Cent of Shareowning Household Heads</u>
No	59.4%
Yes	40.6
Commissions are higher on odd-lots than round lots	7.4
Odd-lot commission rates too high; unfair to small investor	3.6
Odd-lot differential criticized	2.8
Odd-lot broker criticized	0.9
Don't remember	26.2
TOTAL	100.0%

TABLE X

RECALL OF REFERENCE TO SHORT SELLING IN SEC STUDY

Question: "Again thinking of this report, do you recall any mention of the practice of selling borrowed stock in the hope of buying it back at a lower price -- frequently referred to as short selling or short sales?" If yes, "What do you recall?"

Base: (Estimated 7.4% of all household heads or those shareowning household heads who said they recalled the SEC Study.)

<u>Response</u>	<u>Per Cent of Shareowning Household Heads</u>
No	57.4%
Yes	42.6
Criticized short selling	4.4
Abolish short selling	4.1
Need for more controls	4.0
Short selling is speculating; gambling	1.2
Short selling illegal	1.0
Don't remember	27.9

TOTAL	100.0%

TABLE XI

RECALL OF REFERENCE TO SPECIALISTS IN SEC STUDY

Question: "Do you recall hearing or reading anything from the study about the so-called specialist?" If yes, "What do you recall?"

Base: (Estimated 7.4% of all household heads or those shareowning household heads who said they recalled the SEC Study.)

<u>Response</u>	<u>Per Cent of Shareowning Household Heads</u>
No	66.7%
Yes	33.3
Study critical of specialists	5.0
Specialists interfere with stock prices; manipulate prices	3.4
Just described specialists activities	2.0
Need to be regulated	1.7
Abolish specialists	1.5
Recommend specialists cannot buy for own account	1.4
Don't remember	18.6
TOTAL	100.0%

TABLE XII

WHETHER THERE SHOULD BE MORE GOVERNMENT REGULATION

Question: "Do you think there should be less regulation or more regulation on the way stocks are bought and sold on stock exchanges?"

Base: (Shareowning household heads aware of government regulations on the stock exchanges.)

	<u>-- Shareowning Household Heads -----</u>		
	<u>Total</u>	<u>Aware of SEC Study</u>	<u>Not Aware of SEC Study</u>
More Regulation	41.3%	49.7%	30.2%
Same	30.7	26.3	36.4
Less	13.5	12.5	14.8
Don't Know	14.5	11.5	18.6
TOTAL	100.0%	100.0%	100.0%

WHERE THIS INCREASED REGULATION SHOULD COME FROM

Question: If answer to question above is more, "Where should this increased regulation come from -- the stock exchanges, the government, or both?"

Base: (Shareowning household heads who favored more regulation of stock exchanges.)

	<u>-- Shareowning Household heads -----</u>		
	<u>Total</u>	<u>Aware of SEC Study</u>	<u>Not Aware of SEC Study</u>
Stock Exchanges	27.6%	28.7%	25.4%
Government	13.8	12.6	16.5
Both	57.0	57.9	55.1
Don't Know	1.6	0.8	3.0
TOTAL	100.0%	100.0%	100.0%

TABLE XIV

REASONS FOR SHAREOWNER CONFIDENCE IN NYSE

Question: "As a result of this Study, do you think the public has more or less confidence in the NYSE?" If more or less, "Why do you say that?"

Base: (Estimated 7.4% of all household heads or those shareowning household heads who said they recalled the SEC Study.)

<u>Response</u>	<u>Per Cent of Shareowning Household Heads</u>
MORE CONFIDENCE	31.2%
Better controls now; more protection	8.3%
Nothing wrong with NYSE	6.1
People are better informed about the market; market abuses	2.5
Other	7.2
Don't know	7.1
LESS CONFIDENCE	9.1%
People are more cautious because of investigation	4.7
Need for more regulation	1.8
Because of manipulation in the market; controlling prices	0.9
Other	0.6
Don't know	1.1
NO CHANGE IN CONFIDENCE	28.8
NO OPINION	30.9
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TOTAL	100.0%

TABLE XVI

REASONS FOR SHAREOWNER CONFIDENCE IN STOCK INVESTMENTS

Question: "As a result of this Study, do you think the public has more or less confidence in buying stock as a way to invest money?" If more or less, "Why do you say that?"

Base: (Estimated 7.4% of all household heads or those shareowning household heads who said they recalled the SEC Study.)

<u>Response</u>	<u>Per Cent of Shareowning Household Heads</u>
MORE CONFIDENCE	40.0%
Better controls now; more protection; more honest	14.6%
People are better informed about the market; market abuses	6.0
Study found nothing wrong; people have more confidence in the market	4.6
Don't remember	15.2
LESS CONFIDENCE	15.4
People are more cautious; reluctant to buy stock	6.5
Because of manipulation in the market; controlling prices	1.2
Need for more regulation	0.9
Don't remember	6.8
NO CHANGE IN CONFIDENCE	28.7
NO OPINION	15.9
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TOTAL	100.0%

TABLE XVII

ATTITUDE TOWARD BROADER SHAREOWNERSHIP

Question: "In your opinion, should more people or fewer people own stock than presently do?"

Base: (All shareowning household heads.)

	<u>-----Shareowning Household Heads-----</u>		
	<u>Total</u>	<u>Aware of SEC Study</u>	<u>Not Aware of SEC Study</u>
More people should own stock	68.4%	68.1%	68.7%
Fewer people	4.3	5.0	3.8
Same	3.1	2.7	3.3
No Opinion	24.2	24.2	24.2
TOTAL	100.0%	100.0%	100.0%

TABLE XVIII

SHAREOWNERS WITH A FINANCIAL LOSS IN THE MARKET

Question: "Have you personally -- or has any member of your household -- ever lost money or been financially hurt in the stock market? When was that?"

Base: (All shareowning household heads.)

<u>Lost Money in the Market</u>	<u>-----Shareowning Household Heads-----</u>		
	<u>Total</u>	<u>Aware of SEC Study</u>	<u>Not Aware of SEC Study</u>
Yes	24.7%	33.0%	19.0%
No	75.3	67.0	81.0
TOTAL	100.0%	100.0%	100.0%

YEAR OF LOSS

Base: (Shareowning household heads who said they lost money in the stock market.)

<u>Year</u>	<u>-----Shareowning Household Heads-----</u>		
	<u>Total</u>	<u>Aware of SEC Study</u>	<u>Not Aware of SEC Study</u>
1962 - 63	36.9%	43.1%	29.6%
1959 - 61	19.7	21.1	17.9
1957 - 58	4.0	4.1	3.9
1931 - 56	18.4	13.9	23.8
1929 and Earlier	18.9	16.3	21.9
Don't know	2.7	2.5	2.9
TOTAL*	100.6%	101.0%	100.0%

* Adds to more than 100% because some people gave more than one answer.

TABLE XIX

REASONS FOR FINANCIAL LOSS IN THE MARKET

Question: "On what do you blame this loss?"

Base: (Shareowning household heads who lost money in the stock market.)

<u>Reasons</u>	<u>-----Shareowning Household Heads-----</u>		
	<u>Total</u>	<u>Aware of SEC Study</u>	<u>Not Aware of SEC Study</u>
Poor judgement on my part; bought speculative stock	34.2%	35.7%	32.5%
Economic recession	18.4	13.0	24.9
Market was depressed	15.4	25.2	3.8
Company profits decreased; mismanagement, company liquidated	14.0	11.4	17.1
Broker was to blame	4.4	4.9	3.8
Other	10.5	8.1	13.2
Don't know	4.8	1.7	8.6
TOTAL*	101.7%	100.0%	103.9%

* Adds to more than 100% because some people gave more than one answer.

TABLE XX

IS THIS A GOOD TIME TO BUY STOCK?

Question: "Do you think that this (August 1963) is a good time to buy stock?"

Base: (All shareowning household heads.)

	<u>-- Shareowning Household Heads --</u>		
	<u>Total</u>	<u>Aware of Study</u>	<u>Not Aware of Study</u>
Good Time	54.2%	60.3%	50.0%
Not a Good Time	22.9	25.5	21.1
Don't Know, Uncertain	22.9	14.2	28.9
	<hr/>	<hr/>	<hr/>
TOTAL	100.0%	100.0%	100.0%

TABLE XXI

REASONS FOR THINKING THIS IS A GOOD TIME TO BUY . . .

Base: (Shareowning household heads who said it was a good time to buy stock.)

<u>Reason</u>	<u>--Shareowning Household Heads--</u>		
	<u>Total</u>	<u>Aware of SEC Study</u>	<u>Not Aware of SEC Study</u>
Economy growing and so will stock prices	26.8%	21.2%	31.4%
Market is healthy; stock prices attractive	25.5	16.0	33.3
Any time is a good time to buy stock	24.8	28.0	22.2
Good business outlook	9.5	15.9	4.2
Inflation is still here	4.6	7.5	2.3
Other	8.5	12.1	5.6
Don't know	3.6	1.1	5.6
TOTAL*	103.3%	101.8%	104.6%

REASONS FOR THINKING THIS IS NOT A GOOD TIME TO BUY . . .

Base: (Shareowning household heads who said this is not a good time to buy stock.)

<u>Reason</u>	<u>-- Shareowning Household Heads --</u>		
	<u>Total</u>	<u>Aware of SEC Study</u>	<u>Not Aware of SEC Study</u>
Market is too high	40.5%	46.3%	35.6%
Business conditions are unstable	28.1	19.1	35.6
Market is uncertain	19.5	14.6	23.6
Other	9.5	15.7	4.3
Don't know	4.7	5.2	4.2
TOTAL*	102.3%	100.9%	103.3%

* Adds to more than 100.0% because some people gave more than one answer.

FINAL QUESTIONNAIRE
PUBLIC REACTION TO S.E.C. SPECIAL STUDY
(PROJECT 63-25-S-SMP)

PHASE A
GENERAL PUBLIC

This is Mrs. _____, a Sindlinger & Company interviewer. My company is conducting a nationwide survey -- I am not selling or soliciting. May I please speak with the male head of your household for just a few minutes, please? IF MALE NOT AVAILABLE; SPEAK WITH FEMALE HEAD.

1. In your opinion, which of these organizations has contributed most to the economic progress of our country? READ LIST THROUGH.

- 1) American Telephone & Telegraph ()
- 2) Union Carbide & Carbon ()
- 3) National Association of Manufacturers ()
- 4) New York Stock Exchange ()
- 5) AFL-CIO ()
- 6) Metropolitan Life Insurance Company ()
- 7) None ()
- 8) Don't know ()

2. Have you recently heard or read anything about a study that has been made about the stock market?

NO YES

IF NO, SKIP TO QUESTION 4 ON BACK.

IF YES, CONTINUE WITH QUESTION 3 BELOW.

3. a) What do you remember hearing or reading about it? PROBE WITH THE WORDS "ANYTHING ELSE" UNTIL YOU HAVE EXHAUSTED THE RESPONSE.

FILL:.....
.....
.....

b) Could you tell me who made this study?

FILL:.....

4. a) Do you -- or does anyone in your household presently own any stock in a public corporation or shares in a mutual fund? NO YES

b) Do you -- or does any member of your household -- participate in buying stock through the company for whom they work? NO YES

c) When was the last time that a member of your household purchased or sold any stock through a stock broker?

FILL:.....

5. a) You have been most helpful -- in order to classify this interview with thousands of others just like it -- I have a few background questions to ask -- What is your approximate age?

FILL:.....

b) And, one last question -- in which of the following income brackets does the total combined annual income of your household fall -- stop me when I get to the right one ---

1) Under 3000? ()

2) 3000 up to but not including 5000? ()

3) 5000 up to but not including 7500? ()

4) 7500 up to but not including 10,000? ()

5) 10,000 up to but not including 15000? ()

6) 15,000 up to and including 25,000? ()

7) Over 25,000? ()

8) Don't know ()

9) Refused ()

6. CIRCLE SEX OF RESPONDENT: MALE FEMALE

7. DATE COMP: TIME COMP:

FINAL QUESTIONNAIRE
SHAREHOLDER REACTION TO S.E.C. SPECIAL STUDY
(PROJECT 63-24-S-SMI)

This is Mrs. _____ a Sindlinger & Company interviewer. My company is conducting a nationwide survey -- I am not selling or soliciting. May I please speak with the male head of your household for just a few minutes, please? IF MALE NOT AVAILABLE, SPEAK WITH FEMALE HEAD.

1. In your opinion, which of these organizations has contributed most to the economic progress of our country? READ LIST THROUGH.

- 1) American Telephone & Telegraph ()
- 2) Union Carbide & Carbon ()
- 3) National Association of Manufacturers ()
- 4) New York Stock Exchange ()
- 5) AFL-CIO ()
- 6) Metropolitan Life Insurance Company ()
- 7) None ()
- 8) Don't know ()

2. As far as you know, are there any government controls or regulations on the way stocks are bought and sold on stock exchanges at the present time?

NO YES OTHER(FILL):.....

IF NO, SKIP TO QUESTION 4.

IF YES, CONTINUE WITH QUESTION 3.

3. Do you think there should be less regulation or more regulation on the way stocks are bought and sold on stock exchanges?

MORE LESS SAME OTHER(FILL):.....

IF MORE, ASK: Where do you think this increased regulation should come from -- the stock exchanges, the government, or both?

- 1) The stock exchanges () 2) The government ()
- 3) Both () OTHER(FILL):.....

4. Have you recently heard or read anything about a study that has been made about the stock market?

NO YES

IF NO, SKIP TO QUESTION 13.

IF YES, CONTINUE WITH QUESTION 5.

5. a) What do you remember hearing or reading about it? PROBE WITH THE WORDS "ANYTHING ELSE" UNTIL YOU HAVE EXHAUSTED THE RESPONSE.

FILL:.....
.....
.....

b) Could you tell me who made this study?

FILL:.....

6. a) Why do you think this study was made? FILL:

.....
.....

b) As a result of this study, do you think the public has more or less confidence in buying stock as a way to invest money?

MORE LESS SAME OTHER(FILL):.....

IF MORE OR LESS, ASK: Why do you say that? FILL:.....

.....

7. a) Could you tell me what, if anything, the study we have been discussing said about the New York Stock Exchange? PROBE WITH THE WORDS "ANYTHING ELSE" UNTIL YOU HAVE EXHAUSTED THE RESPONSE.

FILL:.....
.....
.....

b) As a result of this study, do you think the public has more or less confidence in the New York Stock Exchange?

MORE LESS SAME OTHER(FILL):.....

IF MORE OR LESS, ASK: Why do you say that? FILL:.....

.....

8. Do you recall reading anything from the study about the activities of floor traders? NO YES

IF YES, ASK: Briefly, what do you recall? FILL:.....

.....

9. Do you recall hearing or reading anything from the study about the so-called specialists? NO YES

IF YES, ASK: What do you recall? FILL:
.....
.....

10. Do you recall hearing or reading anything from the report about the commissions that are charged on stock transactions? NO YES

IF YES, ASK: What do you recall? FILL:
.....
.....

11. As far as you know, did this report have anything to say about transactions involving buying or selling less than 100 shares of stocks, commonly called odd-lot transactions? NO YES

IF YES, ASK: What do you recall? FILL:
.....
.....

12. Again, thinking of this report, do you recall any mention of the practice of selling borrowed stock in the hope of buying it back at a lower price -- frequently referred to as short selling or short sales? NO YES

IF YES, ASK: What do you recall? FILL:
.....
.....

13. a) Do you -- or does anyone in your household presently own any stock in a public corporation or shares in a mutual fund? NO YES

b) Do you -- or does any member of your household -- participate in buying stock through the company for whom they work? NO YES

c) When was the last time that a member of your household purchased or sold any stock through a stock broker?

FILL:

14. a) In your opinion, should more people or fewer people own stock than presently do?

MORE FEWER SAME OTHER:

b) Do you think that this is a good time to buy stock?

NO YES OTHER(FILL):

c) REGARDLESS OF ANSWER TO b), ASK: Why do you say that?

FILL:.....
.....

15. Have you personally -- or has any member of your household -- ever lost money or been financially hurt in the stock market? NO YES

IF YES, ASK: a) When was that?

FILL:.....

b) On what do you blame this loss? BE SURE TO STUDY SPECIAL INSTRUCTIONS ON THIS QUESTION.

FILL:.....
.....

16. a) You have been most helpful -- in order to classify this interview with thousands of others just like it -- I have a few background questions to ask -- What is your approximate age?

FILL:

b) And, one last question -- in which of the following income brackets does the total combined annual income of your household fall -- stop me when I get to the right one ---

- 1) Under 3000? ()
- 2) 3000 up to but not including 5000? ()
- 3) 5000 up to but not including 7500? ()
- 4) 7500 up to but not including 10,000? ()
- 5) 10,000 up to but not including 15,000? ()
- 6) 15,000 up to and including 25,000? ()
- 7) Over 25,000? ()
- 8) Don't know ()
- 9) Refused ()

17. CIRCLE SEX OF RESPONDENT: MALE FEMALE

18. DATE COMP: TIME COMP: