

The New York Stock Exchange

April 29, 1976

TO: MEMBERS AND ALLIED MEMBERS

This is an occasion when I wish it were possible to sit down and talk to each of you personally about the heavy responsibilities I shall assume on May 19 as Chairman and Chief Executive Officer of The New York Stock Exchange. Since this obviously is not possible, I am writing to you to express some of my thoughts and concerns.

It is apparent to most of you, I think, that we, at The Exchange, face some important challenges in the immediate months and years ahead. This, in itself, is not new because the long, successful record of The Exchange has been one of facing serious problems, and big challenges – and meeting them! But, as we know, today's challenges may well be of a more complex nature and a greater dimension.

When I joined the Board as a public member in 1972, I would guess that I was fairly typical of corporate executives in terms of my lack of knowledge about the operation of The New York Stock Exchange and the functioning and value of the auction market. I was probably typical also in that I was aware of many of the criticisms which were being leveled at The Exchange from a variety of sources. During my tenure on the Board, and particularly in my role as Chairman of the Committee to Study the Stock Allocation System, I have had an opportunity to learn more about The Exchange and the value of the auction market. And, of course, I am aware of the complex issues we, at The Exchange, face at this particular time.

You might, very appropriately then, ask me this question: "Why, under the circumstances, would you accept the position of Chairman?" The quick answer is: "Because of my beliefs." Let me explain. My basic beliefs, even at the risk of oversimplification and misinterpretation, because you are entitled to know them – are these:

I believe:

- One, The New York Stock Exchange, as the primary market for listed equity securities today, is a vital cog in our private enterprise system. As such, it contributes significantly to the capital-raising process which is essential to the continued, healthy, economic growth of our country.
- Two, the continuous, two-way auction market concept has been validated through the good, over-all performance of The Exchange over a long period of time under all kinds of conditions.

- Three, The New York Stock Exchange has the resources – financial and human, in terms of positive attitudes, expertise and talent to adapt its operations to changing conditions and to take advantage of new, larger opportunities. Thus, it can, and should maintain its preeminence as a quality market in an increasingly competitive environment, providing the rules for competition are uniform and fair.

Important as these beliefs are, there is a final one of overriding importance which I sincerely hope you share: the belief that you, as Members and Allied Members, and we, The Exchange staff, must work together closely as a team if we are to achieve our goals and make the contribution to our private enterprise system that our role demands. It is as obvious to you, as it is to me, that I shall need your help – your understanding, your views, your patience and yes, your constructive criticism. I believe in your willingness to help. My personal goal, therefore, is to justify your confidence by trying, to the best of my ability, to discharge the heavy and important responsibilities which you have given to me.

Sincerely,

William M. Batten

P.S. Enclosed is a copy of a letter sent to the Chief Executive Officers of the listed companies.

The New York Stock Exchange

April 30, 1976

Dear

On May 19 I shall assume the position of Chairman of the Board of Directors and Chief Executive Officer of The New York Stock Exchange.

There were compelling reasons for my willingness to accept this important but difficult position. None of us needs to be reminded about the eroding public confidence in American business. The continuance of our private enterprise system, as we know it today, is even being questioned by some thoughtful people. Also, the nation's capacity to raise sufficient capital to finance its needed growth and provide jobs for our people is a major problem that fortunately is becoming better understood. The New York Stock Exchange, as the primary market for the stocks of over 1,500 large and important corporations, is not only a vital cog in our private enterprise system, but it is also an important symbol of the system.

The critical concept both for The New York Stock Exchange and for corporations, concerns the nature and dimension of our responsibility. As key institutions in our society, we both have responsibilities that reach beyond those we have to our beneficial owners. We have responsibilities to our customers, our "would-be" customers, those organizations whom we serve, our employees and the public. You the corporation and we the Exchange share responsibilities to many constituencies.

The primary way which we at The Exchange can best discharge our responsibility to our constituencies is to provide the very best marketplace we can – in short, maintain the best quality market. This is, and will continue to be, our primary objective.

In order to accomplish this objective, we must work as partners, with many groups, a major one being you, the listed corporation. There is a vital mutuality of interest between The Exchange and its listed corporations. Unfortunately, this has not been perceived or fully understood by either of us. We both share the responsibility for this lack of understanding. Our efforts at The Exchange to provide you with an understanding of our role, our function and our relationship and contribution to your business and to the public, have obviously been inadequate. Personal conversations and studies reveal that only a small percentage of corporate officers think of The New York Stock Exchange as an important element in the operation and growth of their

business. High on our list of priorities, therefore, is an intensified effort to close this gap, this lack of understanding on the part of both of us.

In summary, we at The Exchange have two major tasks: to do everything we can to provide the best market for trading securities and to develop an effective, two-way communication program that will provide each of us – The Exchange and you, the listed corporation – with the full understanding of the mutuality of our interests and the vital responsibilities we share. Thus, we shall both serve better the public good.

At The Exchange, we shall operate under an “open door” policy. Your questions, inquiries and yes, your complaints, will receive prompt attention and careful consideration. We exist to serve you and our various other constituencies in the public good.

We, the staff of The New York Stock Exchange, thank you in advance for your understanding and support in discharging the important responsibilities we share.

Sincerely yours,

William M. Batten