

From the Investment Bankers Code Committee,
1010 Vermont Ave., Washington, D. C.

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INVESTMENT BANKERS MOVE TO SAVE CODE

Washington, D. C. July 31-- Plans for further effort looking to the preservation of principles and rules of the Investment Bankers Code, for the protection of the public as well as the maintenance of sound investment banking practices, have been submitted by the Investment Bankers Code Committee to the more than 3,200 securities dealers who were registered under the code. Sentiment in favor of retaining a code is said to predominate among investment bankers. In reply to a general inquiry previously sent to all registered dealers there was practically no opposition expressed to the idea of finding a way to continue the code, which expired by limitation June 16. The SEC and the NRA are also said to favor continuance of a self-regulatory and self-disciplining organization among securities dealers as an economical and effective co-operative measure in enforcing fair dealing in securities transactions.

In a letter to all registered dealers the Investment Bankers Code Committee calls attention to the critical situation growing out of the recent Supreme Court decision invalidating certain provisions of the National Industrial Recovery Act. The Committee now proposes to retain the national and regional code committees, but with only a skeleton staff in Washington. A study of the recent NIRA decision of the Supreme Court and the anti-trust laws, the committee says, indicates doubt as to the feasibility of reestablishing the code at the present time. The code organization, the committee points out, should take up the problem and be prepared to co-operate with the Government as further legislation may be developed sanctioning fair trade practice agreements.

Vital subjects affecting the securities business are said to be under consideration in Government circles and the committee emphasizes the need for maintaining an organization to present the viewpoint of the largest possible membership

of the investment banking industry. Subjects under official consideration, it is stated, include such problems as additional requirements for registration of dealers, registration of outstanding securities not dealt in on the exchanges, further forms for registration of new securities, pegging and stabilizing securities in over-the-counter markets, separation of dealer and broker functions, separating of underwriting and distribution functions, additional regulation of over-the-counter transactions, and dealing in when-issued securities. The committee suggests also that a study of the code be made with a view to eliminating or modifying provisions which experience has proved unworkable.

The investment Bankers Code was widely hailed as a progressive step for the protection of the public. The document, which laid down numerous rules for the information and safeguarding of investors, also provided a unique system for registration of dealers as a means of self-regulation of the industry.

Since expiration of the Investment Bankers Code and the decision of the Supreme Court, the Code Committee has continued its activities in a voluntary capacity, together with the seventeen regional code committees throughout the country. Over 100 men throughout the country have been serving on these committees without compensation. Pending a vote by registered dealers on the question of continuing efforts to preserve the code, the committee is maintaining a small office in Washington in charge of a secretary.