

National Association of Securities Dealers, Inc.

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Philadelphia, Pa.

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October 20, 1942

Mr. Ganson Purcell, Chairman,
Securities and Exchange Commission,
18th and Locust Streets,
Philadelphia, Pa.

Dear Mr. Chairman:

The undersigned, being the Executive Committee of the National Association of Securities Dealers, Inc., herewith submit in the name of the Board of Governors a statement of views of the Association in opposition to the proposed Rule X-1501-10.

The views set forth in the memorandum are those of a substantial majority of the members of the Association and, so far as we know, are unopposed by any element of the business.

The ultimate objective of the proposed Rule, we presume, is to secure universal conformance with standards of practice observed by the great majority in the over-the-counter business. We wholeheartedly subscribe to this objective, but we are convinced that neither the immediate nor the ultimate objective sought by the Commission can be attained with this Rule. Our experience of the last two years in self-regulation fortifies our belief that the standards of the securities business can be placed on a high professional level without imposing upon that business further restrictive rules and regulations and that adoption of such further rules and regulations may, indeed, seriously interfere with the process of self-regulation.

The securities business has not just given lip-service to the idea of self-regulation represented by this Association.

EXHIBIT #6

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On the contrary, those who have sponsored and supported this idea have invested liberally of their time and money to make it a vital force in the business. They now see, in spite of the convincing results attained, that these efforts, if the proposed rule is adopted, will have been in vain.

If this, or any similar rule, were adopted it would obviate the need for that part of the work of the Association which has represented the greatest part of our service to the industry and the investing public. Therefore, the industry would not support and could not be expected to support an Association whose remaining field of service would be so limited.

Sincerely yours,

H. H. Dewar, Chrm.

Lee M. Limbert, V. Chrm.

Robert W. Baird, Treas.

Hermann F. Clarke

Laurence M. Marks

Mark C. Elworthy