



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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For Release: Monday, November 15, 1976

76-17

COMMISSION ENDORSES CONCEPT OF NATIONWIDE INVESTOR DISPUTE SETTLEMENT SYSTEM

The Commission announced today it has approved "in principle" a plan for establishing a uniform, nationwide system for the resolution of disputes between investors and securities brokers and dealers.

The plan was developed by the Office of Consumer Affairs during the past six months, pursuant to a Commission directive. It is discussed at length, along with the findings of the Office's six-month study, in a 111-page Report to the Commission which was made public today.

The Commission declared that the type of system proposed by the Office of Consumer Affairs is "necessary and appropriate." It decided, however, that, before initiating formal action to implement the system, it would seek comment on it from interested persons, and designated the Office of Consumer Affairs to receive and review such comments.

The proposed plan includes the following three principal components:

1. A requirement for every brokerage firm with public customers to maintain a system for handling investor complaints;
2. A uniform mediation-arbitration code for the resolution of disputes with a streamlined procedure for disputes of not more than \$5,000, and utilizing arbitrators in most major cities; and
3. A nationwide network of professionals who can be called upon to act as claims adjustors in resolving disputes involving not more than \$1,000. These adjustors would be empowered to settle disputes, in which event brokerage firms would be required to honor such settlements.

The plan recommends establishment, by the securities industry self-regulatory organizations, of a new, quasi-independent entity to administer the dispute resolution system.