GOOD MORNING. TODAY, WE ARE CONSIDERING COMMENTS ON PROPOSED SECURITIES EXCHANGE ACT RULES 19b-3 AND 10b-22, CONCERNING THE FIXING OF COMMISSION RATES BY NATIONAL SECURITIES EXCHANGES.

THE COMMISSION HAS LONG BEEN CONCERNED WITH THE OPERATION OF FIXED COMMISSION RATES FOR EXCHANGE TRANSACTIONS. AND, FOR MORE THAN A DECADE, WE HAVE BEEN ACTIVELY STUDYING WHETHER FIXED RATES CONTINUE TO BE NECESSARY OR APPROPRIATE IN FURTHERANCE OF ANY OF THE PURPOSES OF THE SECURITIES EXCHANGE ACT OF 1934. SIX YEARS AGO, IN 1968, WE BEGAN CONSIDERING TRANSITIONAL CHANGES AWAY FROM THE EXCHANGES' FIXED RATE SCHEDULES. CHANGES HAVE CONTINUED SINCE THAT TIME, REFLECTING, IN PART, OUR DETERMINATION THAT THE IMPLEMENTATION OF ANY NEW SYSTEM SHOULD BE DONE IN A MANNER CONSISTENT WITH THE PROTECTION OF INVESTORS AND THE PUBLIC INTEREST.

THE PROPOSED RULES BEFORE US TODAY WERE PUBLISHED ON OCTOBER 24, 1974, WHEN IT BECAME APPARENT THAT A NUMBER OF EXCHANGES WOULD NOT VOLUNTARILY ELIMINATE THE FIXING OF COMMISSION RATES ON EXCHANGE TRANSACTIONS,
as we had requested. If adopted, the proposed rules would implement the Commission's request and its earlier policy conclusion, announced in September, 1973, that the exchanges' practice of requiring their members to charge fixed commission rates should terminate on or before May 1, 1975.

Recognizing that it was not appropriate, in 1934, to provide a "legislative strait jacket" [FOOTNOTE: Committee on Stock Exchange Regulation, Report to the Secretary of Commerce, 73rd Cong., 2d Sess. (Comm. Print, 1934), at p. 7] for "a highly dynamic, ever changing picture, subject to untold and unknown possibilities and combinations that were then unpredictable," [FOOTNOTE: Ibid.] Congress created the Commission and gave it the pervasive regulatory authority to deal with future circumstances, issues and problems.

We are here today to continue our discharge of that mandate. We intend to sit in on as much of these hearings as is consistent with our other commitments. We will, in any event, review the transcripts and all other presentations and we will do our best to study the problems, to listen to informed opinion from all interested persons and to be conscious of the fact that we continue to deal with "a highly dynamic and ever changing picture."

Our first witnesses this morning are representatives of the Midwest Stock Exchange.