

Remarks of
Hamer H. Budge
Chairman, Securities and Exchange Commission

Upon receiving first copy
of the
CUSIP Directory

June 20, 1969

On behalf of the Commission I am pleased to receive this first copy of the CUSIP Directory. The CUSIP number identification system and the related alphabetic security description system provide the securities industry with a common language for identifying securities in communications between brokers, transfer agents and other organizations involved in the transaction process. This has been a long needed tool which we are sure will prove useful to all organizations, whether they operate manual or automated systems. It should eliminate the need for each organization to develop and use individual coding systems, and thus eliminate the present confusion which exists with respect to securities of similar names or types. The use of the CUSIP system also will enable the financial community to have access to relevant data without the time-consuming conversion of many different security codes.

We know that the CUSIP system is the result of several years of cooperative effort and hard work by the financial community. This includes the American Bankers Association, the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, the Association of Stock Exchange Firms, the Investment Bankers Association, and other organizations and representatives of individual firms

within the financial community. We want to commend you for that effort and for the tangible result which it has produced.

The Commission understands that CUSIP is developing a standard broker comparison/confirmation form, a standard transfer instruction form and a standard bank-broker numbering system. We are also familiar with the work being done on the standard machine processable stock certificate. The Commission hopes that you will continue the same cooperative effort which produced the CUSIP security identification system. In view of the serious operational problems which the industry has had for some time it is imperative that such standardization measures be accomplished as expeditiously as possible.

All concerned now fully recognize the need for better and more efficient operational systems for the handling of securities transactions. Projections of anticipated securities volume for the next decade make it crystal clear that the financial community must move aggressively and quickly to develop and install improved securities systems programs. This requires the cooperation of not only members of the securities community but also of all of the other organizations which have participated so well in the development of the system being introduced today.

The CUSIP system represents the foundation of the program to improve the speed and accuracy in the processing of securities and transactions involving them. We urge you to build upon that foundation as quickly as possible and again congratulate all of the organizations and individuals who participated in the development of the CUSIP system for their noteworthy achievement.