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To Our Clients:

With MIT's adoption (N.Y. Times, 8/11/71) of the regional-exchange-membership approach to the recapture problem, there will undoubtedly be a trend in this direction by the major dealer-sold funds. This trend will result in greater and greater pressure on the NYSE to permit institutional membership and reinforces the speculation in our August 9 memo that notwithstanding the Martin Report, technology and the desires of the major institutions will force NYSE institutional membership. Senator Williams' pressure on the Antitrust Division (Wall St. Journal, 8/11/71) to seek a lower break-point on negotiated rates confirms the speculation that there will be a lower break-point as well as institutional membership.

M. Lipton