

**OPENING REMARKS OF THE HONORABLE RUBÉN HINOJOSA
HOUSE FINANCIAL SERVICES COMMITTEE
SUBCOMMITTEE ON CAPITAL MARKETS
“REVIEWING U.S. CAPITAL MARKET STRUCTURE:
THE NEW YORK STOCK EXCHANGE AND RELATED ISSUES”
OCTOBER 16, 2003**

Chairman Baker and Ranking Member Kanjorski,

I want to thank you for calling this first in a series of hearings on market structure. It is my understanding that the focus of today’s hearing will be corporate governance issues at the New York Stock Exchange and the regulatory role of exchanges. We will also be examining what has been referred to as the “potential conflicts of interest that are created by a regulator overseeing itself.”

In light of recent developments in the capital markets, particularly the reported New York Stock Exchange actions against the five largest specialist firms today, I look forward to hearing the testimony of Interim Chairman Reed and to learning what initial changes, if any, he believes must be made to corporate governance at the New York Stock Exchange. In addition, I look forward to hearing from the regional exchanges represented here today, the associations, the American Enterprise Institute and from Professor Coffee who has been studying, teaching and testifying on the capital markets for years.

I understand that the Senate Banking Securities Subcommittee held another hearing on market structure yesterday at which SEC Chairman William Donaldson testified. Chairman Donaldson expressed certain concerns about the current corporate governance at the various exchanges, and after the hearing, he reportedly stated that SEC approval for the new listing standards proposed by the NYSE and Nasdaq is “imminent”. I welcome today’s witnesses’ comments on the SEC Chairman’s testimony and remarks to the press if they are familiar with them.

Again, Chairman Baker, I want to thank you for holding this timely and important hearing. I look forward to learning more about our capital markets from today’s and future witnesses and to possibly working with you and Ranking Member Kanjorski should this Subcommittee conclude that it needs to formulate legislation to change corporate governance or encourage the exchanges to adopt certain best practices.

I yield back the balance of my time.