

REPORT ON THE GOVERNMENT OF SECURITIES  
EXCHANGES

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LETTER FROM THE CHAIRMAN OF THE SECURITIES AND EX-  
CHANGE COMMISSION TRANSMITTING THE COMMISSION'S  
REPORT OF THE INVESTIGATION OF STOCK EXCHANGE  
GOVERNMENT, TOGETHER WITH ITS RECOMMENDATIONS

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SECURITIES AND EXCHANGE COMMISSION,

*Washington, January 25, 1935.*

TO THE SPEAKER OF THE HOUSE,  
*Washington, D. C.*

SIR: I have the honor to transmit herewith the results of the Com-  
mission's investigation of stock-exchange government, together with  
its recommendations. This report was prepared and is submitted in  
pursuance of section 19 (c) of the Securities Exchange Act of 1934.

By direction of the Commission:

JOSEPH P. KENNEDY,  
*Chairman.*

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REPORT ON THE GOVERNMENT OF SECURITIES EXCHANGES

INTRODUCTION

Section 19 (c) of the Securities Exchange Act of 1934 directs the  
Securities and Exchange Commission to—

make a study and investigation of the rules of national securities exchanges with  
respect to the classification of members, the methods of election of officers and  
committees to insure a fair representation of the membership, and the suspension,  
expulsion, and disciplining of the members of such exchanges.

The Securities and Exchange Commission is also directed to—  
report to Congress the results of its investigation together with its recommenda-  
tions.

The terms of this reference do not require an examination of the  
many rules of the exchanges relating to trading, conduct on the floor,  
financial responsibility of members, and similar matters, even though  
the breach of these rules may involve the suspension, expulsion, or  
disciplining of a member of an exchange. The plain scope of the

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reference comprehends three matters—a consideration of the classification of members, the methods of electing officers and committees, and examination of the provisions that control the manner in which complaints are preferred against members and the penalties visited upon them for violation of the general rules of exchange trading.

#### PLAN OF INQUIRY

There are 34 stock exchanges now operating in the United States.<sup>1</sup> The rules of these exchanges regarding “classification of members, methods of election of officers and committees, and the suspension, expulsion, and disciplining of members” are extremely diverse. To simplify the method of presenting an analysis of the rules of 34 stock exchanges, those of the New York Stock Exchange have been selected for specific treatment. This exchange in volume of security transactions transcends all other stock exchanges. Its rules, adopted in many particulars by the other stock exchanges, thus assume special significance. Furthermore, its rules have come more particularly under the scrutiny of the committees of Congress and of economists whose concern has been stock-exchange governance.

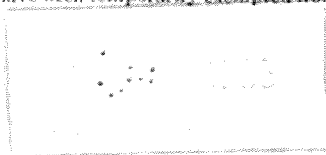
It is not possible within the confines of this report to indicate the applicability of each recommendation of this report to each of 34 security exchanges; nor has it been possible within the time limits of this study to consider the special circumstances of each such exchange in order to determine in just what respects it seems advisable to suggest changes in the rules governing these exchanges. More than a mere knowledge of the rules is necessary to give content to such recommendations. Familiarity with the local conditions and traditional practices of each exchange is essential, for without such a background upon which to project what would otherwise be academic suggestions, no adequate judgment can be reached either as to the need for change or the efficacy of any suggested remedy. However, certain recommendations, though having special reference to the New York Stock Exchange, will be seen to have general applicability and, with such minor adjustments as may be necessary, can be regarded as being equally valid for exchanges other than the New York Stock Exchange.

In the appendix to this report will be found a number of tables which afford a basis for a comparative study of the differences and similarities between the rules of all stock exchanges relating to the methods of election of officers and committees and the suspension, expulsion, and disciplining of members. These tables will be helpful both in showing to what extent rules of particular exchanges may be out of line with certain of the recommendations contained in this study, and in illustrating those exchanges where the recommendations could be followed to the betterment of the government of such exchange.

The subject matter of this report may best be discussed under the following headings:

- I. The classification of the members of exchanges.
  - A. The relationship of membership to the governing committee.
  - B. The representation of classes of members on the governing committee.

<sup>1</sup> Of these 34 stock exchanges, 12 have been temporarily exempted from registration under section 5 of the Securities Exchange Act of 1934.



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- II. The methods of election of officers and committees.
  - A. The method of election of the governing committee.
  - B. The method of election of the president.
  - C. The method of selecting standing committees.
- III. The machinery of discipline.
  - A. The arbitration committee.
  - B. The business conduct committee.
- IV. Summary of recommendations.

I. THE CLASSIFICATION OF THE MEMBERS OF EXCHANGES

A. THE RELATIONSHIP OF MEMBERSHIP TO THE GOVERNING COMMITTEE

All stock exchanges have a governing committee.<sup>2</sup> These governing committees are the most important units in the government of an exchange. The constitutions generally confer upon these bodies all the powers necessary for the government of the exchange, the regulation of the business conduct of its members, and the promotion of the welfare, objects, and purposes of the exchange. The diversified powers generally delegated to the governing bodies include the authority to determine the manner and form of their proceedings; to appoint and dissolve all standing and other committees except the nominating committee; to define, appoint, and regulate the jurisdiction of all committees; to exercise original and supervisory jurisdiction of all subjects referred to all committees; and to direct and control the actions or jurisdictions of such committees at any stage. These bodies also have control of the property and finances of the exchange; the compensation to be paid to officers and members of committees; and the appointment, dismissal, and compensation of employees.

Only members of the exchange can become members of the governing committee.<sup>3</sup> Membership on an exchange in turn results from the purchase of a seat, the price of which fluctuates upon any exchange and varies with each exchange, representing in the case of the larger exchanges a very substantial investment.<sup>4</sup>

<sup>2</sup> The main governing body is variously designated on exchanges as follows: "Governing Committee" on the Baltimore Stock Exchange, Buffalo Stock Exchange, Chicago Stock Exchange, Cleveland Stock Exchange, New Orleans Stock Exchange, New York Stock Exchange, Philadelphia Stock Exchange, St. Louis Stock Exchange, San Francisco Mining Exchange, Washington Stock Exchange; "Board of Governors" on the Boston Stock Exchange, Chicago Board of Trade, Colorado Springs Stock Exchange, Denver Stock Exchange, Detroit Stock Exchange, Louisville Stock Exchange, Minneapolis St. Paul Stock Exchange, New York Curb Exchange, New York Real Estate Securities Exchange, Salt Lake Stock Exchange, Seattle Mining Exchange, Seattle Stock Exchange, Standard Stock Exchange of Spokane, Wheeling Stock Exchange, Chicago Curb Exchange; "Governing Board" on the San Francisco Curb Exchange, San Francisco Stock Exchange; "Board of Trustees" on the Cincinnati Stock Exchange; "Executive Committee" on the Honolulu Stock Exchange, Richmond Stock Exchange; "Board of Directors" on the Los Angeles Stock Exchange, Manila Stock Exchange, Pittsburgh Stock Exchange; "Board of Managers" on the New York Produce Exchange.

<sup>3</sup> On the Buffalo Stock Exchange, New Orleans Stock Exchange, New York Curb Exchange, New York Real Estate Securities Exchange, New York Stock Exchange, San Francisco Curb Exchange, and the San Francisco Stock Exchange, the governing committee may, by special resolution or standard rule, invite a person, not a member thereof, to attend its meetings and to participate in its deliberations and to serve on special and standing committees, to such extent as it may prescribe in such resolution or rule; but without the right to vote at the governing committee's meetings. Such invitation may at any time be recalled by the governing committee or modified.

<sup>4</sup> Memberships on securities exchanges are divided into two general classes—regular or full members and associate members. The majority of exchanges restrict the membership to regular or full members who possess all the rights, powers, and privileges of membership, including voting power, eligibility to office, full trading privileges, and commission rate benefits. Among the exchanges in this category are the New York Stock Exchange, Chicago Board of Trade, Chicago Stock Exchange, the Philadelphia Stock Exchange, and the Pittsburgh Stock Exchange. A number of exchanges have, in addition to regular or full membership, a class of associate membership which generally confers merely the privilege of using the facilities of the exchange at commission rates less than those charged to the general public, although higher than the rate imposed upon regular or full members. Participation in the government and administration of exchanges and full trading privileges are generally denied to associate members on all exchanges. On the San Francisco Stock Exchange and on the San Francisco Curb Exchange associate members have the right to vote and are eligible for office and committees.

Thus at the outset it will be seen that no outside interest is directly represented in the government of stock exchanges. It is, of course, needless to point out that the conduct of exchanges concerns innumerable other interests, indeed, to such an extent that Congress has declared them to be "affected with a public interest". These interests are seriously injured when speculative excesses on the markets provoke either untoward advances or serious declines in stock prices.

Consequently one is faced at the threshold with the question as to whether eligibility to office on a governing committee or in important executive positions should be restricted to members of an exchange. Considerable demand for such participation in the government of exchanges by persons other than members has been voiced from time to time. The formula usually urged to bring out such participation calls for nonmembers to be eligible for election or appointment to the governing committee or to responsible executive positions. But, since the passage of the Securities Exchange Act, the demand for such outside participation has been less voluble due to the fact that that act already provides a considerable degree of public supervision over exchange practices and exchange government.

The Commission thus believes that the established rule of selecting governing boards from exchange members may, with a modification to be discussed later, be continued without unduly jeopardizing the admittedly important interests of the investor and of business. These interests are presumably safeguarded by the Securities Exchange Act, and powers to act rapidly and effectively against any abuse are there provided. Indeed, more adequate public supervision would seem to be provided by the mechanism of this act than could be provided by the device of public participation in the actual government of exchanges. Of course, experience under the act is necessarily limited and time may well dictate the desirability of organizing governing committees on a different basis.

Especially pertinent to considerations of this nature is the recognition that the policing of all exchanges is a vast task, and that the resources of government are perforce limited. Though many violations of the Stock Exchange Act will be detected and punished by the Commission's field force, a successful administration of the act will be hampered if the governing boards of exchanges are not inclined to give the Commission effective cooperation. For this reason the constitution of the governing committees is of paramount importance. Thus far cooperation on the part of these committees has been pledged. Every national securities exchange was required under the law to embody a provision in its constitution which would compel its governing body and officers to expel, suspend, or discipline members for violations of the Securities Exchange Act. Whether governing boards will continue as at present faithfully to execute this mandate remains to be seen. In the event that they fail to do so, there may then be reason to recommend that the governing boards of exchanges should no longer be drawn exclusively from the membership.

## B. THE REPRESENTATION OF CLASSES OF MEMBERS ON THE GOVERNING COMMITTEE

Members of the New York Stock Exchange may be classified according to their activities into: (1) Commission brokers; (2) floor traders; (3) floor brokers; (4) specialists; (5) odd-lot dealers; (6) bond brokers and dealers; (7) inactive members.

A commission broker is a member who is engaged principally in the business of effecting transactions in securities for the account of customers among the general public.

A floor broker, otherwise termed a "two-dollar broker", is a member engaged principally in the business of effecting transactions in securities for the account of other brokers, usually for commission brokers.<sup>5</sup> The floor broker's compensation is a fixed percentage of the regular commission paid by the customer to the commission broker with whom the customer has an account.

A floor trader is a member who effects transactions in securities on the exchange primarily for his own account.<sup>6</sup>

A specialist is a member whose transactions are primarily confined to a group of securities in which he specializes. He accepts and executes orders from other members and also trades substantially for his own account in these securities.<sup>7</sup>

An odd-lot dealer is a member who specializes in effecting transactions in lots of less than 100 shares under an arrangement with the exchange that he will buy and sell odd lots at any time within a given fraction of a point of the last transaction in that security.<sup>8</sup> The odd-lot dealer's transactions on the New York Exchange, with the negligible exception of the few remaining specialists who handle odd lots, are not directly with the public, but are limited to transactions with other members, primarily commission brokers.

Bond brokers and dealers: The dissimilarity in the nature of bond transactions to stock transactions has created the functional class of members commonly known as the "bond crowd" which specializes in bonds. These members may act as brokers for the account of customers, or as dealers for their own account.<sup>9</sup>

Inactive members: A number of members of exchanges may be classified as inactive. This class includes members who have retired from active business; who purchased their seats to receive the benefits of reduced commissions on their personal dealings, or with the speculative hope of an increase in the price of stock-exchange memberships;

<sup>5</sup> On the New York Stock Exchange as of Sept. 30, 1933, there were 146 individual members, not partners of any firm, acting primarily as "floor brokers"; on the New York Curb Exchange, 139 individual members act in that capacity; and on 27 other exchanges throughout the country 178 individual members primarily perform that function.

<sup>6</sup> On the New York Stock Exchange as of Sept. 30, 1933, 61 member partners of 43 firms acted primarily as floor traders and 112 individual members acted primarily in that capacity; on the New York Curb Exchange, 6 member partners of 3 firms acted as floor traders and 14 individual members acted in that capacity; on 27 other exchanges throughout the country, 59 member firms had partners who acted primarily in that capacity.

<sup>7</sup> On the New York Stock Exchange as of Dec. 31, 1934, 208 member partners of 108 firms acted primarily as specialists and 117 individual members of the exchange acted primarily in that capacity. As of June 30, 1933, there were 230 member partners of 129 firms and 97 individual members of the New York Stock Exchange acting primarily as specialists. On the New York Curb Exchange as of June 30, 1933, 65 member partners of 43 firms acted primarily as specialists and 197 individual members of the exchange acted in such capacity. On many smaller exchanges the volume of trading is not sufficient to permit of specialization in a limited number of securities and, consequently, there were 20 exchanges which had no specialists.

<sup>8</sup> On the New York Stock Exchange, 6 firms, 3 exclusively and 3 partially, are engaged in odd-lot business. On the New York Curb Exchange, specialists assume the functions of odd-lot dealers in securities in which they specialize. All members on many of the smaller exchanges deal in odd lots.

<sup>9</sup> On the New York Stock Exchange, 74 members representing 12 firms were active as bond brokers, as of Dec. 31, 1934, as compared with 33 partners of 19 firms, as of June 30, 1933. On the New York Curb Exchange, 9 partners of 7 firms were active in that capacity, while 11 individual members acted primarily as bond brokers and 13 individual members primarily as bond specialists.

or who are members of investment-banking firms which employ the seats to execute security transactions on the exchange as registered firms. They neither maintain regular representation on the floor of the exchange nor do they maintain offices for the transacting of business and the carrying of accounts for the general public.<sup>10</sup>

Members of exchanges are not required by exchange constitutions or rules to be registered in any particular functional class or limited to act in any particular capacity. A member may act as a commission floor broker, floor trader, specialist, odd-lot dealer,<sup>11</sup> or bond broker and dealer, or in any combination of these capacities. The classification herein given, however, represents the general character of the membership of exchanges and may be taken to indicate the existence of various groups within an exchange having at times, as will be seen, divergent interests.

The subject of whether members should be registered according to their functions and limited to the performance of one or more such functions, or whether certain activities of particular members, such as floor trading and trading upon one's account as a specialist, should be restricted or abolished, is the subject with which section 11 of the Securities Exchange Act is concerned. That section empowers the Commission by rules and regulations to effectuate in part these purposes, and the Commission is now concerned with devising rules relating to these matters. Subsection (e) of that section also requires the Commission to investigate the feasibility and advisability of separating the broker function from the dealer function and to report its recommendations to Congress on or before January 3, 1936. Consequently these aspects of the problem of the classification of members are not treated in this report, but consideration of classification is dealt with from the standpoint of the representation of the various classes of members in stock-exchange government.

The most vital functional class from the point of view of the investor is the commission broker who acts as the customers' agent in effecting securities transactions on exchanges. Large organizations and substantial financial resources are necessary to adequately conduct this type of business. The great bulk of the commission-brokerage business is not concentrated, therefore, in individual members of exchanges, but in firms or corporations which use the facilities of securities exchanges as registered firms, and registered corporations, through ownership of an exchange seat in the name of a general partner or executive.<sup>12</sup>

<sup>10</sup> On the New York Stock Exchange, as of Aug. 25, 1933, there were 174 inactive members in good standing.

<sup>11</sup> On the New York Stock Exchange a rule has been promulgated prohibiting odd-lot dealers from acting as brokers in the securities in which members deal as odd-lot dealers. The effective date of this rule has been held in abeyance pending the written order of the governing committee. Rules of Governing Committee New York Stock Exchange, ch. XI, sec. 3; ch. VXII, sec. 3, note 12.

<sup>12</sup> The constitutions of exchanges make provision for registered firms or registered corporations which technically are not members of exchanges. In general, a "registered firm" is a copartnership, a general partner of which firm is a member of the exchange. In general, a "registered corporation" is a corporation, an executive officer of which corporation is a member of the exchange. No person may at the same time be a member or representative of more than 1 firm registered on an exchange, whether as a general or special partner or employee. Similarly, the executive officer or other representative of a corporation may not be an officer of more than 1 corporation or represent more than 1 corporation registered on an exchange. Every partner in a registered firm must have a fixed or determinable interest in its entire business. A firm having as a general partner a member of the exchange is entitled to have its business transacted at the rates of commission prescribed for members. A member of an exchange who is a special partner of a firm does not confer any of the privileges of the exchange or commission rate benefits on the firm. On 11 exchanges only copartnerships are eligible for registration, while on 17 exchanges both corporations and partnerships may be registered. As of Oct. 1, 1934, the exchanges on which only partnerships are registered are:

Name of exchange	Number of firms	Number of seats held by registered firms	Name of exchange	Number of firms	Number of seats held by registered firms
Baltimore Stock .....	27	31	New York Produce.....	50	74
Boston Stock .....	66	75	New York Stock .....	617	900
Buffalo Stock .....	13	13	Philadelphia Stock .....	97	114
Chicago Stock .....	122	165	San Francisco Curb.....	33	46
Cleveland Stock.....	31	32	San Francisco Stock.....	53	64
New York Curb.....	398	665			

As of Oct. 1, 1934, the exchanges on which both partnerships and corporations are registered are:

Name of exchange	Partnerships		Corporations	
	Number of firms	Number of seats	Number of corporations	Number of seats
Chicago Board of Trade.....	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )
Chicago Curb.....	56	62	13	15
Cincinnati Stock.....	11	19	10	15
Denver Stock.....	1	2	11	11
Detroit Stock.....	33	37	2	2
Los Angeles Stock.....	( <sup>b</sup> )	( <sup>b</sup> )	( <sup>b</sup> )	( <sup>b</sup> )
Manila Stock.....	5	9	2	2
New Orleans Stock.....	12	16	7	8
New York Real Estate.....	19	19	47	49
Pittsburgh Stock.....	44	45	6	6
St. Louis Stock.....	16	19	10	10
Salt Lake Stock.....	3	3	11	14
San Francisco Mining.....	9	12	2	2
Seattle Mining.....	11	11	3	3
Seattle Stock.....	10	10	21	22
Standard Stock of Spokane.....	12	12	1	1
Washington Stock.....	9	16	6	7

<sup>a</sup> Total number of partnerships and corporations, 502; total number of seats, 662.

<sup>b</sup> Total number of partnerships and corporations, 61; total number of seats, 70.

<sup>c</sup> Banks.

The rule generally prevails, particularly on the larger exchanges, that the floor privilege is personal to the owners of the "seat" and may not be delegated to a nominee. It is a matter of common knowledge that the duties of the "floor member" partner of a commission house executing orders on the floor of the exchange for customers, although requiring a specialized skill, are not comparable in economic importance to the duties of the "office partner" charged with the conduct and management of the entire business. The economic existence and the preservation of the substantial capital investments of these large firms depend upon the executive, administrative, and business ability of the "office partner" who must possess a comprehensive grasp of the manifold factors and aspects of the commission securities business. As a consequence, the firm which is the real and beneficial owner of the membership, holds the seat in the name of a partner of lesser importance to whom is assigned the labor of executing orders.<sup>13</sup>

<sup>13</sup> On the New York Stock Exchange there are 617 registered firms with 900 partners who are members of the exchange; on the New York Curb, 398 registered firms with 665 memberships.

The comparative extent and importance of the commission houses as the public's broker is indicated by the fact that as of Sept. 30, 1933, on 34 exchanges 997 registered firms with 1,337 memberships carried margin accounts for customers as compared to 63 individual members who carried such accounts. On the New York Stock Exchange 447 firms with partners owning 615 seats carried margin accounts. (Hearings of Committee on Banking and Currency, U. S. Senate, pt. 17, p. 7852.)

An anomalous condition thus exists. The less influential partners of large firms, who execute orders on the exchange as the floor-member partners, are eligible for participation in the administration of exchanges, while the more consequential and significant partners, charged with the vital duties of managing these firms as office partners, may not participate in the government of the exchanges. The floor-member partners of commission houses oftentimes do not possess the type of prestige considered indispensable to exchange officialdom and it thus results that the commission brokerage firms are not adequately represented on the governing bodies of exchanges.

As contrasted with the commission broker, none of the other members, with the exception of bond brokers, have direct contact with the investing public. Some of them, such as the floor trader or the specialist when he trades for his own account, do not act in a fiduciary capacity. Indeed, an apparent divergence of interest may often be present between the trader dealing for his own account and the broker acting for his customer. This divergence of interest or, at least, different emphasis of interest may constantly be found between professional speculation on the one hand<sup>14</sup> and outside speculation or investment on the other. The representative of the latter interest is thus the commission broker,<sup>15</sup> who by the nature of present exchange government is not as adequately represented as he could easily be.

Furthermore, as a matter of fact, the commission brokers' representation on the governing committee is far out of proportion as contrasted with the representation possessed by other members. Commission houses now own 52 percent of the total seats (1,375) on the New York Stock Exchange. But at present only 14 governors, or one-quarter of the governing board of the New York Stock Exchange, are representatives of commission houses, while 26 members, or two-thirds of the board, consist of specialists, floor traders, or odd-lot dealers. Similarly, on the New York Curb Exchange, the second largest securities market in this country, 22 of the 36 members of the governing body are specialists.

This situation demands correction in a twofold manner. First, a better numerical representation of the commission broker should be had on the governing committee. It is naturally impossible, until segregation of membership according to functions shall have been accomplished, to provide by rule for a definite pro rata apportionment of membership between the various classes of members. But when classification according to function proves desirable and feasible, a ratio of representation that shall afford these commission brokers a proportion at least equal to the number of seats held by them should

<sup>14</sup> This classification necessarily puts in the class of outside speculation as distinguished from professional speculation a number of large operators who, in common parlance and in truth, are professional speculators. They operate off the exchange and are not members of the exchange. But from the standpoint of a classification which distinguishes between transactions originating off and those originating on the exchange, these "professional speculators" come within the category of outside speculators.

<sup>15</sup> The commission broker, deriving his subsistence from commissions, is, of course, interested in volume. Volume generated by speculation originating on the exchange in turn induces volume originating off the exchange. Nevertheless, there remains his responsibility to his customers, speculative and non-speculative, which has the tendency to make him conscious of obligations differing from those that rest upon some of the other members of the exchanges. Again, many commission brokers engage in speculation for their own account, but there are some very large commission houses which forbid any of their partners to speculate for their own account. To the extent that commission brokers have divorced themselves from speculation for their own account, they make themselves more capable to perform the fiduciary duties they assume toward their customers, and to that extent are more truly representative of the outside as distinguished from the professional interests.



be established. In the meantime a definite movement concurred in by all factions to increase that membership should be inaugurated.

Second, "office partners" of registered firms<sup>16</sup> should be eligible for membership on the governing committees. Office partners of registered firms, although not "members" of exchanges within the meaning of exchange constitutions, are members of exchanges within the meaning of the Securities Exchange Act of 1934. It is specifically provided in section 3 (a) (3) of the act:

The term "member" when used with respect to an exchange means any person who is permitted either to effect transactions on the exchange without the services of another person acting as broker, or to make use of the facilities of an exchange for transactions thereon without payment of a commission or fee, or with the payment of a commission or fee which is less than that charged the general public, and includes any firm transacting a business as broker or dealer of which a member is a partner and any partner of any such firm. (Italics ours.)

The activities of registered firms and of office partners of such firms are equally within the purview of the act as the activities of the individual exchange members.

The office partners can be encompassed in the field of selection of exchange officers by several methods. One desirable way would consist in conferring upon a member of a firm owning a seat the power to delegate to a general partner the trading privileges of that seat. Such an enabling rule would permit a firm to hold the membership in the name of its most influential partner, who could most effectively participate in the administration of the exchange, without depriving the firm of the valuable trading privileges of the seat, which could be delegated to a general partner. To protect and safeguard the public and the exchange, the admission requirements of regular membership should apply to this floor-trading designee and subject the owner of the seat and his firm to the same liabilities, discipline, and penalties for any act or omission of the designee.<sup>17</sup>

## II. THE METHOD OF ELECTION OF OFFICERS AND COMMITTEES

### A. THE METHOD OF ELECTION OF THE GOVERNING COMMITTEE

Closely related to the problem of fair representation of the membership on the governing board of the exchange is the method of election and tenure of the members of the board.<sup>18</sup>

The machinery of election is indirect.<sup>19</sup> The nominating committee of the New York Stock Exchange, consisting of five members, holds

<sup>16</sup> Or executives of registered corporations in those exchanges which recognize registered corporations.

<sup>17</sup> Delegation by a member of the trading privileges of the seat is not without precedent on securities exchanges. On the New York Stock Exchange the trading privileges of the seats are not delegable with the exception that the committee on admissions may, by two-thirds vote of the entire committee, authorize a partner, although not a member of the exchange, of the president, vice president, chairman of the committee on arrangements, chairman of the committee on quotations and commissions, and president of the New York Stock Exchange Building Co. to exercise the privilege of transacting business upon the floor of the exchange for the account of the firm of which these officials are members, while the official is not engaged in transacting business on the floor of the exchange. Similarly on the New York Curb Exchange, the board of governors may, by two-thirds vote, extend floor-trading privileges to a nonmember partner or employee of the president, vice president, chairman of arrangements committee, chairman of the business-conduct committee, chairman of the listing committee, and president of the New York Exchange Securities Clearing Corporation.

<sup>18</sup> The governing bodies of all exchanges are elected by the membership except on the San Francisco Mining Exchange, where the members are appointed by the president of the exchange, and on the Honolulu Stock Exchange, where the executive committee is appointed by the president of the exchange.

<sup>19</sup> On the Pittsburgh Stock Exchange and the Standard Stock of Spokane, nominations are made in open meeting. On the Milwaukee Grain and Stock Exchange nominations are made in caucus and primary meetings. The constitutions of the following exchanges contain no specific provisions for the method of nominating candidates for the governing body: Cleveland Stock Exchange, Denver Stock Exchange, Manila Stock Exchange, Richmond Stock Exchange, St. Louis Stock Exchange, Salt Lake Stock Exchange, Washington Stock Exchange.

at least three meetings in November to receive from the membership suggested nominations for the nominating committee for the following year. The committee is not bound by the suggestions and may nominate incumbent members of the nominating committee, although incumbent officers or members of the governing board are not eligible to the new nominating committee. The committee reports its nominees to the secretary of the exchange on the third Monday of December for election by the exchange membership on the second Monday in January. Members of the exchange may propose by petition independent nominees for the nominating committee. The petition for 1 nominee must be signed by 40 members, and the petition for a full slate of nominees by 100 members. The specified term of office for the nominating committee is 1 year.

The elected nominating committee holds three meetings in March to receive suggested nominations to the offices and the governing board. The nominating committee reports on the second Monday of April and the annual election is held on the second Monday of May. As in the selection of candidates for the nominating committee itself, "independent" nominees may be proposed by petition. The nominees are arranged in alphabetical order on the ballot and the nominee receiving the highest number of votes is declared elected.

The term of office of a governor is 4 years.<sup>20</sup> There are 40 governors, 10 of whom are elected annually.<sup>21</sup> The governing board has the power to fill vacancies and can with a two-thirds vote remove one of its own members or an officer.

#### DISCUSSION AND CRITICISM

The problem of making the governing board more representative of the membership and more vigilant in the protecting of investors and the public has been discussed. The method of election itself is, however, subject to just criticism. The results of its operation have been the self-perpetuation of the "in" group. The power of the nominating committee to nominate its own successors tends to prevent open discussion of change. The remedy of an independent slate by petition is ineffective, because petition connotes open revolt, and subtle forms of pressure make its use in practice infrequent. Thus, 75 percent of the governors of the New York Stock Exchange have been renominated at least once and 50 percent at least twice.<sup>22</sup> In order to prevent the tendency of perpetuation of the "in" group, the nominating committee system could be abolished. The method of appointment of the nominating committee by the president, used by some other exchanges,<sup>23</sup> is even more to be condemned. In its place should be substituted, first, nomination to the governing board by some method of petition and, second, a vote on the candidates so nominated by ballot of the membership.<sup>24</sup>

<sup>20</sup> The term of office on other exchanges varies from a minimum of 1 year on 7 exchanges to a maximum of 5 years on the Denver Stock Exchange.

<sup>21</sup> The number of members on the governing bodies, exclusive of elected officers who are members of the body *ex officio*, ranges from 2 members on the Richmond Stock Exchange to 30 on the New York Stock Exchange. On a majority of exchanges, the number of members on the governing body is 10 or less. The governing body of the New York Curb is composed of 36 members.

<sup>22</sup> On the New York Curb Exchange, 22 of the 36 members of the governing board have served more than 3 years, or more than 1 term of office; 8 governors have served 6 years or longer, more than 2 terms; and 4 governors have served more than 9 years, or more than 3 terms.

<sup>23</sup> On the Buffalo Stock Exchange, Cincinnati Stock Exchange, Los Angeles Stock Exchange, Philadelphia Stock Exchange, and Seattle Mining Exchange the nominating committee is appointed by the president of the exchange. On the New York Produce Exchange, Minneapolis-St. Paul Exchange, and New Orleans Exchange the nominating committee is appointed by the governing body.

stances in most instances would indicate the necessity of a primary election preceding the final

The fact that only one-quarter of the governors are elected in any one year seems also to contribute to the perpetuation of control and to make changes of policy difficult to effectuate in any reasonable period. The requirements of other exchanges generally call for the election of one-third of the governors each year.<sup>25</sup> Continuity of policy through experienced governors is, of course, to be desired, but the annual turnover in the governing committee should not be so small as to prevent the ready response of the government of the exchange to new desires and fresh aims.

#### B. THE METHOD OF ELECTION OF THE PRESIDENT

The principal executive officer on all exchanges is the president of the exchange, whose powers and duties of general supervision make him the representative of the exchange to the public. The president of an exchange, who must be a member in good standing, is generally elected for 1 year. The President of the New York Stock Exchange is elected by vote of the regular members<sup>26</sup> in the same fashion as the governing board. The designation of a candidate for president by the nominating committee is tantamount to election, for the "regular" candidate is most infrequently opposed.

Some other exchanges have direct election of the president at a meeting called for that purpose.<sup>27</sup> The president is removable for cause upon two-thirds vote of the governing board.<sup>28</sup> Vacancies are filled for the unexpired term by the governing board.<sup>29</sup>

#### DISCUSSION AND CRITICISM

The numerous changes that have been suggested may be grouped under three heads:

1. *Methods of election.*—The present method of election through nominating committees again permits self-perpetuation of the "in" group, inasmuch as the nominating committee each year nominates its own successors.

One remedy would consist in the election of the president by the membership in open meeting. Another would be the equivalent of a primary, i. e., nominations by votes of the members, and then a vote subsequently on the three candidates receiving the highest number of votes at the time of the nomination. A third would have the president appointed by the governing board. Election, however, is preferable to appointment because the direct election permits concentration of the entire membership on the problem of choosing an

<sup>25</sup> The percentage of members of the governing body elected each year varies from the minimum of 20 percent on the Denver Stock Exchange to a maximum of 100 percent on the 7 exchanges where the term of office of governing bodies is 1 year. On 29 exchanges 33½ percent or more of the governing body are elected each year. The New York Curb elects 12 out of 36 members or 33½ percent annually.

<sup>26</sup> On 13 exchanges, including the New York Curb Exchange and the Cincinnati Stock Exchange, the president is elected or appointed by the governing body from members of this body.

<sup>27</sup> On the Pittsburgh Stock Exchange, nominations for directors and officers, except the secretary and chairman of the board of directors, are made at the meeting of the exchange held for that purpose 10 days prior to the annual election.

On the San Francisco Mining Exchange, at a special meeting called for that purpose by the president of the exchange 1 week prior to the annual election of officers, nomination for officers may be made, and the right to nominate remains open to and including the day of election.

<sup>28</sup> The constitutions generally provide that in the event of the refusal, failure, neglect, or inability of the president of the exchange to discharge the duties of his office, or for any good cause, of the sufficiency of which the governing committee shall be the sole judge, the committee shall have the power by a two-thirds vote of all its existing members to remove such officer and declare the position held by him to be vacant.

<sup>29</sup> Exchanges on which a vacancy in the office of president is filled by a vote of the exchange membership are: Baltimore Stock Exchange, Honolulu Stock Exchange, Milwaukee Grain and Stock Exchange, San Francisco Curb Exchange, San Francisco Mining Exchange, San Francisco Stock Exchange, Washington Stock Exchange.

able president, whereas indirect election weakens both the representative character of the president as well as his direct responsibility to the membership of the exchange.

2. *Nonmember as president.*—Suggestions have been made to the effect that the president might be a nonmember of the exchange. This possibility might result in bringing an impartial administrator to the exchange who could consider not only the interests of the exchange as a whole but also the public interest. It has already been noted previously in this report, that the public interest is now represented by this Commission. For the reasons earlier noted no present necessity exists for insisting upon the abandonment of the present requirement that the president should be a member of the exchange. On the other hand, on some of the major exchanges a rule that would make permissible the election of a nonmember as president would seem to create no essential disadvantage, and would make available for that post a possible outstanding figure who might not happen to be a member of the exchange. The same considerations indicate the advisability of making a nonmember eligible for other executive offices of an exchange.

3. *Salary.*—Coupled with the demand for a nonmember has been the necessary corollary that the president should be paid. Some such requirement would naturally ensue upon the election of a nonmember as president. But, even assuming the president should be elected from the membership, it can still be argued that he should be remunerated because of the heavy demand upon his time. Varying practices exist in this respect on the different exchanges. The adoption of a policy of this nature seems for the present to be a matter more peculiarly the concern of the various exchanges than of this Commission.<sup>30</sup>

### C. THE METHOD OF SELECTING STANDING COMMITTEES

An analysis of the division of labor among the various standing committees can best be made by confining it to the New York Stock Exchange. The administration of the various affairs of the exchange, apart from the duties thrust upon the governing board, is apportioned among 14 standing committees. The specialized functions which they exercise are suggested by the titles that the various committees bear: "admissions", "arbitration", "arrangements", "bonds", "business conduct", "constitution", "finance", "law", "odd-lots and specialists", "publicity", "quotations and commissions", "securities", "stock list", and "conference". The committees which exercise the most significant power in the internal management of the exchange are the business, conduct and law committees. The law committee deals with changes in the constitution, bylaws, and all other matters of law affecting the exchange. This committee acts in an advisory capacity to the president, and in association with the president represents the exchange in all matters affecting its general interest. The business conduct committee, consisting of six members, considers matters relating to the business conduct and financial condition of members and their customers' accounts, and observes the course of transactions on the exchange to ascertain whether resort is

<sup>30</sup> No elaboration is made in this report of the method of selecting other officers of the exchange, such as the vice president, the secretary, and the treasurer. These officials generally occupy comparatively minor roles and thus the matter of their selection is not of particularly vital concern. The ways in which these officials are selected are set forth in the charts contained in the appendix.

being had to improper tactics. It has power to investigate the dealings, transactions, and financial condition of members and to examine their books. It, together with the president, constitutes the most important factor in the government of the exchange. Discussion of this committee, as well as the arbitration committee, will be deferred until the judicial machinery of the exchange is analyzed. The most active committees, aside from the committee on business conduct, are the committees on stock list and arbitration.

The standing committees are selected by the governing board from its own membership.<sup>31</sup> The term of membership is 1 year. There is no prohibition against interlocking committees. The governing board has power to dissolve these committees, but vacancies are filled by the committees themselves.

#### DISCUSSION AND CRITICISM

The selection of the standing committees by the governing board seems reasonable in theory except for the limitation that only members of the governing board may be selected for service. Contrary practices on other exchanges, such as appointment by the president, have little apparent merit. The problem of the representation of the membership on the governing board recurs in the selection of the standing committees. The same possibility is present of perpetuating inside control of the dominant committees. This would, however, be obviated in the reform of the representation on the governing board, which appoints the standing committees.

Limiting the membership of the standing committees to the personnel of the governing board unduly restricts the field of selection. There may be qualified men not on the governing board who should serve. Moreover, members of the governing committee may find their time so occupied that it would seem advisable to allow for the selection of other members to the standing committees. This would not decrease the responsibility of the governing board for the administration of the exchange, but would broaden the opportunities for service among the membership.

The possibility of using on the committees persons who are not members of the exchange raises broad questions similar to those which have been discussed in other sections of this report and which need not again be rehearsed.

#### III. THE MACHINERY OF DISCIPLINE

The machinery of disciplining members in the New York Stock Exchange is exercised primarily through the business conduct committee, acting upon complaint of both members and nonmembers. The other committee of the exchange which also exercises judicial functions is the arbitration committee, whose determinations do not directly result in the disciplining of members. But inasmuch as the two committees constitute the machinery whereby disputes are resolved, discussion of one without consideration of the other would present an incomplete picture. Moreover, such reforms as suggest themselves as to one, also suggest corresponding changes in the other.

<sup>31</sup> Selection is by the governing body on 12 other exchanges, but in only 4 of these is membership limited to the governing body. These exchanges are Baltimore, Boston, Philadelphia, and the New York Curb.

Consequently, the Commission believes discussion of the arbitration committee both relevant and necessary to a full consideration of the general problem committed to it.

#### A. ARBITRATION COMMITTEE

The arbitration committee, consisting of nine members, is the body authorized to arbitrate, at the instance of either party, all matters of difference arising from member's contracts between members of the exchange or registered firms. It is also authorized to arbitrate any claim or matter of difference between a member, or registered firm, and a nonmember, arising in the course of the business of such member or firm, which is referred to this committee at the instance of the nonmember. The committee may decline to hear or may dismiss any case and refer the parties to their remedies at law. There are only two methods of appeal from the decision of the committee. An appeal may be taken by a member of the committee, or, if the case involves a sum of \$2,500 or more, an appeal may be taken within 10 days by one of the parties. The appeal must be submitted upon a printed transcript of the record of the case together with printed briefs. Upon such appeal the governing board may finally adjudicate the case, relegate the parties to their remedies at law, or direct a rehearing by the arbitration committee or by a special committee. A right of appeal to the governing board exists on such rehearing. The governing board on an appeal may require the appellant to furnish security for the costs of the appeal.

The rules of the arbitration committee provide that the claimant shall prepare a concise statement of his claim, a copy of which is furnished to the respondent before the hearing by the committee. The claimant must deposit, at the time of presentation of his statement, as costs of the hearing, a minimum sum of \$100 if the case involves less than \$2,500, a minimum sum of \$200 if more than \$2,500 is involved, and such additional amount of security for the costs of the hearing as the committee may require. If more than one hearing is required, a similar deposit must be made by the claimant prior to each additional hearing. Before commencing the proceedings, the nonmember must sign an agreement to abide by the rules of the exchange and the award of the committee, and he must deposit a general release in escrow with the committee to be delivered to the respondent member if the award is against the claimant or if the respondent pays the claimant the amount of any award for the claimant.

#### DISCUSSION AND CRITICISM

The costs of arbitration are high compared with ordinary commercial arbitration proceedings. In 1933, the costs in 11 disputes ranged from a maximum of \$600 costs and \$88.50 stenographer fees to a minimum of \$100 costs. The expense should be reduced in order to effectuate one of the chief purposes of arbitration.

A second complaint concerns the composition of the judging tribunal. As far as disputes between members are concerned there can be no objection to having the arbitration committee, consisting of nine members, constitute the tribunal. In disputes between a nonmember and member, however, it is not sufficient to allege that the nonmember has submitted his dispute to the arbitration committee in lieu of the courts and therefore cannot complain of the personnel

of the tribunal. A tribunal consisting of members exclusively must inevitably share the members' point of view. It is equally true of the arbitral process as of the judicial process that impartiality should characterize the tribunal, or that in lieu thereof both contending parties should have equal representation. Irrespective of how equitable the results may in themselves be, some element of distrust must naturally attach itself to a tribunal not so constituted.

A third complaint involves the limited right of appeal from the arbitration committee to the governing board. But were the Commission's recommendation to be followed by providing for an impartial tribunal in the first instance, the necessity for an appeal no longer exists, for it merely complicates the procedure and increases the costs.

#### B. BUSINESS CONDUCT COMMITTEE

The business conduct committee, always very powerful, assumes an even more significant role with the inauguration of Federal regulation of the exchanges. Its proximity to the affairs of the exchange makes its cooperation essential for the enforcement of the Securities Exchange Act.

Under section 6 (b) of the Securities Exchange Act, willful violations of the act and the rules and regulations thereunder have been made violations of just and equitable principles of trade and thereby, from the standpoint of the business conduct committee, major offenses. They with other offenses heretofore recognized consequently call for disciplinary action. Offenses which have hitherto been considered justifications for disciplinary action are: Fraudulent acts; fictitious transactions; demoralization of the market; misstatements to committees; fraud or dishonesty on the part of members prior to election; dealings on other exchanges within prescribed territorial limits, which permit dealings in securities listed on the exchange; violation of the constitution or rules of the exchange, or violation of just and equitable principles of trade; acts detrimental to the welfare of the exchange; restraining officers and committees from performing their duties by injunctive process; and refusal to testify or produce documents before the governing committee or at the request of that committee before other committees or the authorities of another exchange.

Constitutions of exchanges generally provide that in major offenses the accusation against the member must be in writing, signed by the person making the charge, and must specify the offense with reasonable detail. A copy of the charge is served on the accused member, who has 10 days to file his answer in writing with the secretary of the exchange. The governing board proceeds either at a regular or special meeting to consider the charges, even though the accused refuses or neglects to make answer as required. Notice of the meeting is sent to the accused, who is entitled to examine witnesses before the governing board, and present such testimony, defense, or explanation as he may deem proper. The governing board determines the guilt or innocence of the member on the offenses charged after hearing all the witnesses and imposes either the penalty of fine, suspension, or expulsion, as the case may be, in the event the member is found guilty. The result is announced to the exchange and written notice served upon the member.

Suspension may be inflicted by a majority vote of the governing board, but expulsion requires a two-thirds vote of the board. No member has a right to be represented by professional counsel and the

decision of the governing board is conclusive. For minor offenses, when the penalty is limited to a fine not exceeding \$250 or suspension not exceeding 60 days, summary procedure is authorized, but the member is given an opportunity to explain his actions. A majority vote of the governing board determines the verdict.

#### DISCUSSION AND CRITICISM

While the major disciplinary powers of the New York Stock Exchange are theoretically in the governing board, in practice these powers are exercised by the business conduct committee, which conducts investigations and passes sentence, and whose verdict is not in practice reversed by the governing board. Because regulations of trading are so complex, countless minor violations occur, with the result that a policy of only punishing major infractions is followed. The occurrence of minor infractions gives to the business conduct committee a large discretion, which enables it to wield tremendous coercive power. Complaint has been made that in times past this coercive power has been employed occasionally in an arbitrary fashion. Certainly, a fear that it might be so employed has on occasion been expressed. The power has been used heretofore to discourage protests or appeals with the result that appeals from the business conduct committee to the governing board are either not availed of or are of no practical efficacy. Consequently it is extremely important that the procedure of the business conduct committee should be judicial in temper and character. Adequate appeal to the governing board should be made possible and economical and the desirability of providing for appeal to the Securities and Exchange Commission canvassed.

#### CUSTOMERS' COMPLAINTS

The procedure for the handling of customers' complaints against members with respect to execution of orders and conduct of customers' accounts may also be scrutinized. Here certainly an adequate and efficacious procedure should be in force. Under existing practice, the customer submits his claim, usually in writing, to the exchange authorities. A copy of the complaint is served on the member, who is required to file his answer with the exchange. A copy of this answer is not served on the customer. Personal appearances by claimants are infrequent and are permitted only in important cases. The business-conduct committee usually disposes of the merits of the claim on the basis of these papers plus an independent investigation, without affording the claimant an opportunity to controvert by a reply the answer of the member.<sup>32</sup> The customer, when granted a hearing, may not be represented by professional counsel except with the consent and permission of the committee.

The procedure on complaints of customers against members violates many canons of accepted judicial procedure. The customer claimant should by elemental standards of fairness be furnished with a copy of the answer of the member and be apprised, before an adjudication of the merits of his claim by the committee, of the basis of the mem-

<sup>32</sup> The business-conduct committee expresses no opinion on cases which involve an irreconcilable conflict of evidence on material points. It does not undertake to pass upon claims which involve complicated legal questions. Nor does it undertake to settle claims between members and nonmembers, since such claims are within the jurisdiction of the committee on arbitration. See report of the Committee on Banking and Currency pursuant to S. Res. 84 (72d Cong.) and S. Res. 56 and S. Res. 97 (73d Cong.), p. 78.



ber's resistance to the asserted claim, as fully as the member is informed of the gravamen of the customer's complaint. The customer should again have the right to appear before the committee and press his charges. A right of appeal to the governing committee could also be provided in these cases.

It should be noted in this connection that complaints by members or customers against members of exchanges, when involving violations of the Securities Exchange Act or the rules and regulations thereunder, may now, under section 19 (c) of that act, be preferred before the Securities and Exchange Commission and may be punished by the suspension or expulsion of the member found to be guilty of such misconduct.

#### IV. SUMMARY OF RECOMMENDATIONS

The recommendations of the Commission may be briefly summarized as follows:

1. A better numerical representation of the commission broker who possesses direct contacts with the public should be had on the governing committee.
2. Office partners of registered firms should be eligible for membership on the governing committee.
3. Nomination to the governing committee should be by petition and not by the device of a nominating committee.
4. One-third of the membership of the governing committee should be elected annually.
5. Nomination of the president should be by petition and he should be elected by the full membership.
6. Nonmembers of the exchange should be allowed to be candidates for the office of president and the other executive officers.
7. Membership on the standing committees should not be restricted to members of the governing committee.
8. The expenses of arbitration should be reduced.
9. The arbitral tribunal in cases to which a nonmember is a party should not be a mere committee of the exchange, but should either be composed of nonmembers, or, if members serve upon it, representation between members and nonmembers should be equalized.
10. Adequate and effective appeals should lie from the business conduct committee to the governing committee.
11. Customers preferring complaints against members should be furnished with the answer made by the member to the customer's complaint, and should be entitled to appear before the committee. Both parties in these cases should have the right of appeal to the governing committee.

The Commission does not now suggest that legislation be enacted to bring about these recommendations. Its recommendations can be put into effect by the voluntary action of the exchanges themselves without resort to legislation. It hopes that, in the main, these recommendations will be found acceptable and put into effect by the exchanges themselves. The Commission will report further to the Congress upon the acceptability of these recommendations to the exchanges and their progress in making them effective. It will, also, as its experience in and knowledge of exchange government increases, report to the Congress such further recommendations as it may deem advisable in regard to exchange government.



REPORT ON THE GOVERNMENT OF SECURITIES EXCHANGES 19

Seattle Mining	6	(2)	1	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Standard Stock of Spokane	26	7	1	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Washington Stock	3		1	(3)	(3)	(3)	(3)	(3)	(3)	(3)

1 Includes partners of member firms, of individual members, and of registered firms, and executives of member corporations, unless either exchange representatives or holding membership in their own names.

2 Governing committee and president with approval of governing committee may appoint standing committees.

3 Requisite membership status not specified.

4 With approval of governing body.

5 Nonmembers of the governing body.

6 With approval of exchange members.

7 Alternate members are eligible for committees.

8 Except financial committee.

9 Appointed for indefinite period.

10 Except committees to investigate doubtful transactions.

11 Exchange may also appoint committees.

12 Governing body may remove its appointees.

13 Includes only committees having supervision over securities market.

14 Certain committees are appointed by officers from various classes.

15 Committee on associate memberships is comprised of associate members only.

16 Vacancies filled by remaining committee members.

17 Except members of floor trading committee.

18 Except arbitration committee for which members of board of directors are not eligible.

19 No standing committees in existence.

20 The president has authority to appoint committees as he sees fit.

21 Only active members may hold office on certain committees.

22 Membership committee consists of governing board and 8 members elected thereby.

23 Membership committee only.

24 Exchange inactive—no standing committees.

25 Vacancies filled from governing body exclusively.

26 Number fixed by constitution.

*Governing body*

Name of exchange	Powers over committees										
	To appoint committees except nominating committee	Eligibility for appointment by governing body to standing committees			To dissolve committees except nominating committee	To appoint nominating committee	To dissolve nominating committee	To approve committees appointed by president	To approve vacancy appointments by president	Complete original, advisory jurisdiction over committees	To invite nonmembers of body to serve on committees
		Governing body exclusively	Exchange members exclusively	Governing body and exchange members exclusively							
Baltimore Stock	Yes				Yes			Yes?		Yes	
Boston Stock	Yes?				Yes			Yes		Yes	
Buffalo Stock	Yes	(b)			Yes			Yes		Yes	
Chicago Board of Trade											
Chicago Curb											
Chicago Stock											
Chicago Union Stock	Yes	Yes	(d)		Yes			Yes		Yes	
Cincinnati Stock	Yes										
Cleveland Stock	Yes										
Denver Stock	Yes										
Detroit Stock	Yes										
Los Angeles Stock	Yes										
Milwaukee Curb and Stock	Yes	(b), (c)									
Minneapolis St. Paul Stock	Yes										
New Orleans Stock	Yes										
New York Curb	Yes	Yes									
New York Produce	Yes										
New York Real Estate	Yes										
New York Stock	Yes							Yes		Yes	Yes
Philadelphia Stock	Yes										
Pittsburgh Stock	Yes										
St. Louis Stock	Yes										
Salt Lake Stock	Yes										
San Francisco Curb	Yes										
San Francisco Mining	Yes										
San Francisco Stock	Yes										
Seattle Stock	Yes										
Spokane Stock	Yes		Yes								

<sup>1</sup> Partners of member firms, and of registered firms, and executives of member corporations, unless either exchange representatives, or holding membership in their own names.

<sup>2</sup> Constitution provides that governing committee and president, with approval of governing committee, can appoint standing committees.

<sup>3</sup> Exchange members exclusively.

<sup>4</sup> Except finance committee.

<sup>5</sup> Board of directors, president, and association may appoint committees.

<sup>6</sup> Governing body may remove its appointees.

<sup>7</sup> Except arbitration committee, for which members of board of directors are not eligible.

<sup>8</sup> Most committees are appointed from all members, some committees from active members exclusively.

Governing body—Continued

Name of exchange	Powers over officers															
	President			Vice president			Secretary			Treasurer						
	Ap- pointed by gov- erning body from own mem- ber- ship †	Re- moved by gov- erning body	Vacancies filled by gov- erning body	Ap- pointed by gov- erning body from own mem- ber- ship †	Re- moved by gov- erning body	Vacancies filled by gov- erning body	Ap- pointed by gov- erning body from—	Ex- change	May be non- mem- ber	Re- moved by gov- erning body	Vacancies filled by gov- erning body	Ap- pointed by gov- erning body from—	Ex- change	May be non- mem- ber	Re- moved by gov- erning body	Vacancies filled by gov- erning body
Baltimore Stock	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Protem.	Yes	No	Yes	Yes	Yes
Boston Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	No	No	Yes	Yes	Yes
Buffalo Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Chicago Board of Trade	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Chicago Curb	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Chicago Stock	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Cincinnati Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Cleveland Stock	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Denver Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Detroit Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Los Angeles Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Manila Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Milwaukee Grain and Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Minneapolis-St. Paul Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	No
New Orleans Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	No	No	Yes	Yes	Yes
New York Curb	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
New York Produce	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes
New York Real Estate	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
New York Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Philadelphia Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes
Pittsburgh Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes
Richmond Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	No	No	Yes	Yes	Yes
St. Louis Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	No	No	Yes	Yes	Yes
Salt Lake Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
San Francisco Curb	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes
San Francisco Mining	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	No	No	No	No	No
San Francisco Stock	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	No	No	Yes	No	No
Seattle Mining	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Seattle Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Standard Stock of Spokane	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Washington Stock	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	No	No	Yes	Yes	No

President and vice president, if appointed by governing body, must be members of each body.  
 † Present incumbent is member of board of governors.  
 ‡ Present incumbent is member of exchange.

Governing body—Continued

Name of exchange	Officers												
	Treasurer					Secretary							
	Elected by exchange	Appointed by governing body	Eligibility			Removal by governing body	Vacancies filled by governing body	Elected by exchange	Appointed by governing body	Eligibility		Removal by governing body	Vacancies filled by governing body
		Regular members	Members of governing body exclusively	Non members					Regular members	Members of governing body exclusively	Non members		
Baltimore Stock	Yes	Yes	Yes			Yes	Yes		Yes	Yes		Yes	Yes
Boston Stock		Yes	Yes			Yes	Yes		Yes	Yes		Yes	Yes
Buffalo Stock		Yes	Yes <sup>1</sup>			Yes	Yes		Yes	Yes		Yes	Yes
Chicago Board of Trade		Yes	Yes	Yes <sup>2</sup>		Yes	No		Yes	Yes	Yes	Yes	No
Chicago Curb	Yes	Yes	Yes	Yes		Yes	Yes		Yes	Yes	Yes	Yes	Yes
Chicago Stock		Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Cincinnati stock		Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Cleveland Stock		Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Denver Stock		Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Detroit Stock		Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Honolulu Stock	Yes	Yes	Yes	Yes <sup>1</sup>		Yes	No <sup>6</sup>		Yes	Yes	Yes	Yes	Yes
Los Angeles Stock		Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Manila Stock		Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Milwaukee Grain and Stock	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Minneapolis-St. Paul Stock	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
New Orleans Stock	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
New York Curb	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
New York Produce	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
New York Real Estate	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
New York Stock	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Philadelphia Stock	Yes	Yes	Yes	Yes		Yes	Yes		Yes	Yes	Yes	Yes	Yes
Pittsburgh Stock	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Richmond Stock	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
St. Louis Stock	Yes	Yes	Yes	Yes		Yes	Yes		Yes	Yes	Yes	Yes	Yes
Salt Lake Stock	Yes	Yes	Yes	Yes		Yes	Yes		Yes	Yes	Yes	Yes	Yes
San Francisco Curb	Yes	Yes	Yes	Yes		Yes	No <sup>10</sup>		Yes	Yes	Yes	No	No
San Francisco Mining	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
San Francisco Stock	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes
Seattle Mining	Yes	Yes	Yes			Yes	Yes		Yes	Yes	Yes	Yes	Yes

Seattle Stock.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....
Standard Stock of Spokane.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....
Washington Stock.....	Yes.....	Yes.....	Yes.....	No.....	Yes.....	Yes.....	Yes.....	Yes.....	Yes.....

<sup>1</sup> Members in good standing, general partners in copartnership, members or officers of a corporate body members duly registered as provided by constitution are eligible.

<sup>2</sup> Present incumbent is a member of governing body.

<sup>3</sup> Incumbent is member of exchange.

<sup>4</sup> Requisite membership status not specified.

<sup>5</sup> May be corporation.

<sup>6</sup> Removal by two-thirds of members of exchange.  
<sup>7</sup> Vacancies filled by members of exchange.  
<sup>8</sup> Secretary appointed or removed by president and exchange.  
<sup>9</sup> By president with approval of board of managers.  
<sup>10</sup> Vacancies filled by special election of exchange.

## Governing body—Continued

Name of exchange	Governing body										Method of election		Vacancies filled by—			
	Elect- ed by ex- change	Appoint- ed by presi- dent	Num- ber of mem- bers	Term of office (years)	Number selected each year	Eligibility			Method of nomination			Ballot in per- son		Proxy	(Govern- ing body)	Ex- change
						Regular member	Associ- ate mem- ber	Non- mem- ber part- ners <sup>1</sup>	Nomi- nating com- mittee	Peti- tion	Open meet- ing					
Baltimore Stock	Yes		10	3	3 or 4	Yes			Yes			Yes	No	Yes		
Boston Stock	Yes		12	2	6	Yes			Yes			Yes	No	Yes		
Buffalo Stock	Yes		9	3	3	Yes <sup>2</sup>			Yes			Yes	No	Yes		
Chicago Board of Trade	Yes		24	3	8	Yes (1 year)			Yes			Yes	No	Yes		
Chicago Curb	Yes		11	3	3 or 4	Yes	No		Yes			Yes	No	Yes		
Chicago Stock	Yes		24	3	7 or 8	Yes			Yes			Yes	Yes	Yes		
Cincinnati Stock	Yes		5	3	1 or 2	Yes <sup>3</sup>			Yes			Yes	Yes	Yes		
Cleveland Stock	Yes		9	3	3	Yes			Yes			Yes	Yes	Yes		
Denver Stock	Yes		5	5	1	Yes	No		Yes			Yes	Yes	Yes		
Denver Stock	Yes		9	3	3	Yes			Yes			Yes	Yes	Yes		
Detroit Stock	Yes	Yes <sup>4</sup>	9	3	3	Yes			Yes			Yes	Yes	Yes		
Honolulu Stock	Yes		9	3	3	Yes	No		Yes			Yes	No	Yes		Yes
Los Angeles Stock	Yes		7	1	7	Yes			Yes			Yes	Yes	Yes		Yes
Manila Stock	Yes		9	3	3	Yes			Yes			Yes	Yes	Yes		Yes
Milwaukee Grain and Stock	Yes		7-11	2	30 percent	Yes			Yes			Yes <sup>5</sup>	No	Yes		Yes
Minneapolis-St. Paul Stock	Yes		6	1	6	Yes			Yes			Yes	No	Yes		Yes
New Orleans Stock	Yes		36	3	12	Yes	No		Yes			Yes	Yes	Yes		Yes
New York Curb	Yes		12	2	6	Yes	No		Yes			Yes	Yes	Yes		Yes
New York Produce	Yes		21	3	7	Yes	No		Yes			Yes	Yes	Yes		Yes
New York Real Estate	Yes		40	4	10	Yes	No		Yes			Yes	Yes	Yes		Yes
New York Stock	Yes		21	3	7	Yes (3 years)			Yes			Yes	Yes	Yes		Yes
Philadelphia Stock	Yes		9	3	3	Yes			Yes			Yes	No	Yes		Yes
Pittsburgh Stock	Yes		4	1	4	Yes			Yes			Yes	No	Yes		Yes
Richmond Stock	Yes		4	1	4	Yes			Yes			Yes	No	Yes		Yes
St. Louis Stock	Yes		9	1	9	Yes			Yes			Yes	Yes	Yes		Yes
Salt Lake Stock	Yes		5	2	2 or 3	Yes			Yes			Yes	Yes	Yes		Yes
San Francisco Curb	Yes		7	1	7	Yes			Yes			Yes	Yes	Yes		Yes
San Francisco Mining	Yes	Yes	5	2	2 or 3	Yes			Yes			Yes	Yes	Yes		( <sup>6</sup> )
San Francisco Stock	Yes		5	2	2 or 3	Yes			Yes			Yes	No	Yes		( <sup>6</sup> )



Seattle Mining	Yes	5-11	2	3 or 3	Yes	No	Yes?	Yes	Yes	Yes	Yes	Yes
Seattle Stock	Yes	7	2	3 or 1	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Standard Stock of Spokane	Yes	5	1	3	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Washington Stock	Yes	6	3	2	Yes	No						Yes

<sup>1</sup> Partners of member firms, of individual members, and of registered firms, and executives of member corporations, unless either exchange representatives, or holding membership in their own names.  
<sup>2</sup> Member in good standing, general partners in a partnership, members or officer of a corporate member duly registered as provided by constitution are eligible.  
<sup>3</sup> Two nominees for each position.  
<sup>4</sup> Executive committee consists of 3 members appointed by president to which is referred all matters affecting interest of exchange, not otherwise specifically referred to in constitution and bylaws.  
<sup>5</sup> Caucus and primary meeting.  
<sup>6</sup> Acts only in absence of nomination by petition and in event of death, disqualification, or withdrawal of the nominee made by petition.  
<sup>7</sup> Members may propose opposition candidates to nominees designated by committee on elections in event of death, disqualification, or withdrawal of nominee.  
<sup>8</sup> Associate member eligible for nomination but must be full member at time of election.  
<sup>9</sup> Vacancies filled by president.

## Governing body—Continued

Name of exchange	Nominating committee											Vacancies filled by committee members			
	Provision for nominating committee	Method of nomination of committee		Eligibility					Election or appointment by				Term of office (years)	Number of members	
		Regular nominees, nominating committee	Opposition nominees	Member of governing body	Regular members	Associate members	Non-member partners	Incumbent officers	Eligibility of committee members for nomination for officer	Gov. governing body	President				Exchange
Baltimore Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Boston Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Buffalo Stock	Yes	Yes	Yes	Yes								Yes	1	3	
Chicago Board of Trade	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Chicago Curb	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Chicago stock	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Cincinnati Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Cleveland Stock	No													3	
Denver Stock	No														
Detroit Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Honolulu Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	3	
Los Angeles Stock	Yes	Yes	Yes	Yes		No	No					Yes	1		
Manila Stock	No														
Milwaukee Grain and Stock	No														
Minneapolis-St. Paul Stock	Yes	Yes	Yes	Yes								Yes	1	5	Yes
New Orleans Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	3	Yes
New York Curb	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
New York Produce	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
New York Real Estate	Yes	Yes	Yes	Yes		No	No					Yes	1	9	Yes
New York Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Philadelphia Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Pittsburgh Stock	Yes	Yes	Yes	Yes		Yes						Yes	1	5	Yes
Richmond Stock	No														
St. Louis Stock	No														
Salt Lake Stock	Yes	Yes	Yes	Yes											
San Francisco Curb	No					No	No					Yes		5	Yes
San Francisco Mining	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
San Francisco Stock	Yes	Yes	Yes	Yes		No	No					Yes	1	5	Yes
Seattle Mining	Yes	Yes	Yes	Yes		Yes	Yes					Yes	1	3	

	Yes.....	No.....	Yes.....	No.....	Yes.....	No.....	Yes.....	No.....	Yes.....	No.....	1	5
	Yes.....	No.....	Yes.....	No.....	Yes.....	No.....	Yes.....	No.....	Yes.....	No.....	1	5
Seattle Stock .....												
Standard Stock of Spokane.....												
Washington Stock.....												

<sup>1</sup> Partners of member firms, of individual members, and of registered firms, and executives of member corporations, unless either exchange representatives or holding membership in their own names.  
<sup>2</sup> May nominate candidates only if no nominations by petition of members, or if nominee by petition dies, withdraws, or is disqualified.  
<sup>3</sup> The governing committee may not appoint or dissolve the nominating committee; no other relevant provisions.  
<sup>4</sup> Officers and members of governing body are not specifically declared ineligible.



	Yes	No	Nonresident, no	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Seattle Mining	Yes	No	Nonresident, no	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Seattle Stock	Yes	No	Nonresident, no	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Standard Stock of Spokane	Yes	No	Nonresident, no	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Washington Stock	Yes	No	Nonresident, no	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes

<sup>1</sup> Alternates may vote in absence of principal.  
<sup>2</sup> To any representative.  
<sup>3</sup> Associate and special members are not eligible for elective office.  
<sup>4</sup> Members admitted before June 1, 1923, allowed to delegate to authorized salaried market employee.  
<sup>5</sup> Nonmember partner of president may be authorized to trade for president's firm.  
<sup>6</sup> Eligible for committee on associate members only.  
<sup>7</sup> By president only.  
<sup>8</sup> Committee on arrangements may delegate trading privileges to a partner of the president, vice president, and chairman of the committees of arrangements, business conduct, quotations and commissions, and of the president of the New York Stock Exchange Building Co.  
<sup>9</sup> Status of representative not specified.  
<sup>10</sup> Representative must be regularly elected.  
<sup>11</sup> Approval by committee on admissions.  
<sup>12</sup> Associate members are eligible for nomination to elective offices and for appointment on certain committees.  
<sup>13</sup> Permitted only by member having a branch office in San Francisco and residing more than 200 miles therefrom.

Members—Continued

Name of exchange	Organization and membership														
	Organization				Membership				Eligibility						
	Date	Form		Total number	Regular	Associate	Miscellaneous	Individually exclusively	Partnerships		Corporations		Registered through individual member		
		Incorporated	Unincorporated						Number	Seats	Number	Seats	Number	Seats	Number
Baltimore Stock	1844		Yes	77	62		3 alternate, 12 vacant	Yes				27	31		
Boston Stock	1834		Yes	134	134			No				66	75		
Buffalo Stock	1929		Yes	22	22			Yes		7	7	13	13		
Chicago Board of Trade	1859	Yes		1,549	1,549	18		Yes	(1)			56	62	17,502	13,662
Chicago Curb	1927	Yes		214	196			Yes				122	165	13	15
Chicago Stock	1882	Yes		442	442			Yes				11	19	10	15
Cincinnati Stock	1887	Yes		50	50			Yes				31	32	1	1
Cleveland Stock	1899	Yes		46	46	5		Yes				33	37	2	2
Denver Stock	1907	Yes		19	19	None		No	5	5	8	9			
Detroit Stock	1898	Yes		67	67			No	2	2					
Honolulu Stock	1907	Yes		13	13	7	10 special	Yes				5	9	161	170
Los Angeles Stock	1899		Yes	80	63			Yes						2	2
Manila Stock	1927	Yes		19	19			No							
Minneapolis-St. Paul Stock	1931	Yes		192	192			No	6	6	10				
New Orleans Stock	1875	Yes		21	21		Visiting, none	No				12	16	7	8
New York Curb	1911	Yes		51	51	405		Yes				398	665		
New York Produce	1862	Yes		691	69	22		Yes				50	74	47	49
New York Real Estate	1928	Yes		140	140	None		Yes				617	900		
New York Stock	1817	Yes		1,375	1,375			Yes				97	114		
Philadelphia Stock	1790	Yes		206	206			Yes				44	45	(1)	6
Pittsburgh Stock	1896	Yes		111	111			No	8	19	4				
Pritchard Stock	1873	Yes		12	12	None		Yes				16	19	10	10
St. Louis Stock	1899	Yes		44	44			Yes				3	3	11	14
Salt Lake Stock	1898	Yes		47	47			Yes							
San Francisco Curb	1927	Yes		71	67	4		No	(1)	(1)	4	33	46		

	1862	Yes	34	4	Yes	( )	4	9	12	2	2
San Francisco Mining	1882	Yes	65	4	No	( )	4	53	64	2	2
San Francisco Stock	1928	Yes	18		Yes			11	11	3	3
Seattle Mining	1928	Yes	88	38	Yes			10	10	21	22
Seattle Stock	1927	Yes	20		Yes			12	12	1	1
Standard Stock of Spokane	1883	Yes	40		Yes			9	16	6	7
Washington Stock											

† Partnerships are eligible for membership.  
 ‡ Combined total for registered partnerships and corporations.  
 § No associate member at present.  
 ¶ All corporate members must change to partnership by the end of 1934.  
 †† Act of Nov. 30, 1934.  
 ††† Members of securities market only.  
 †††† Banks.  
 ††††† Corporations and partnerships may be associate members.

Officers: President

Name of exchange	Eligibility		Appointed by governing body	Elected by exchange members						Tenure of incumbent	Power of removal vested in		Vacancy filled by	
	Selected from full members	Appointed from governing body		Method of nomination			Method of election				Gov. erning body	Ex- change mem- bership	Gov. erning body	Ex- change mem- bership
				Regular candidate	Opposition candidate		Present in person	Proxy						
				Nomi- nating com- mittee	Peti- tion meeting	Open meeting	Peti- tion	Open meeting						
Baltimore Stock	Yes			Yes			Yes		Yes	1	Years	Yes		Yes
Boston Stock	Yes			Yes			Yes		Yes	1	1/4	Yes		Yes
Buffalo Stock	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
Chicago Board of Trade	Yes (1 year)		Yes	Yes			Yes		Yes	2	2	Yes		Yes
Chicago Stock	Yes		Yes	Yes			Yes		Yes	1 1/2	1 1/2	Yes		Yes
Cincinnati Stock	Yes		Yes	Yes			Yes		Yes	4 1/2	4 1/2	Yes		Yes
Cleveland Stock	Yes		Yes	Yes			Yes		Yes	1 1/2	1 1/2	Yes		Yes
Denver Stock	Yes		Yes	Yes			Yes		Yes	1 1/2	1 1/2	Yes		Yes
Detroit Stock	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
Honolulu Stock	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
Los Angeles Stock	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
Manila Stock	Yes		Yes	Yes			Yes		Yes	2	2	Yes		Yes
Milwaukee Grain and Stock	Yes		Yes	Yes			Yes		Yes	4 1/2	4 1/2	Yes		Yes
Minneapolis-St. Paul Stock	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
New Orleans Stock	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
New York Curb	Yes		Yes	Yes			Yes		Yes	2	2	Yes		Yes
New York Produce	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
New York Real Estate	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
New York Stock	Yes		Yes	Yes			Yes		Yes	2 1/2	2 1/2	Yes		Yes
Philadelphia Stock	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
Pittsburgh Stock	Yes (3 years)		Yes	Yes			Yes		Yes	4	4	Yes		Yes
Richmond Stock	Yes		Yes	Yes			Yes		Yes	3/4	3/4	Yes		Yes
St. Louis Stock	Yes		Yes	Yes			Yes		Yes	1 3/4	1 3/4	Yes		Yes
Salt Lake Stock	Yes		Yes	Yes			Yes		Yes	1	1	Yes		Yes
San Francisco Curb	Yes		Yes	Yes			Yes		Yes	3/4	3/4	Yes		Yes



San Francisco Mining	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
San Francisco Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Seattle Mining													
Seattle Stock													
Standard Stock of Spokane													
Washington Stock	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

- 1 Nominated by caucus and primary.
- 2 May nominate for office if no nominee by petition of members, or if nominee dies, withdraws, or is disqualified.
- 3 If committee on elections nominates candidate on death, withdrawal, or disqualification of nominees by petition, members may propose opposition candidates.
- 4 Associate members are eligible for nomination, but must be full members at time of election.
- 5 Associate members eligible

Officers: President—Continued

Name of exchange	Executive officer of exchange	Powers over standing committees			Power to appoint special committees	Power to appoint governing body
		To appoint	To dissolve	To fill vacancies		
Baltimore Stock	Yes	No	No	No	No	No.
Boston Stock	Yes	Yes <sup>1</sup>	No	No	No	No.
Buffalo Stock	Yes	No	No	No	No	No.
Chicago Board of Trade	Yes	Yes <sup>1</sup>	No	Yes	Yes	No.
Chicago Curb	Yes	Yes <sup>1</sup>	No	Yes	Yes	No.
Chicago Stock	Yes	Yes <sup>1</sup>	No	Yes	Yes	No.
Cincinnati Stock	Yes	No	No	No	No	No.
Cleveland Stock	Yes	No	No	No	No	No.
Denver Stock	Yes	Yes <sup>1</sup>	No	No	No	No.
Detroit Stock	Yes	Yes <sup>1</sup>	No	No	Yes	No.
Honolulu Stock	Yes	Yes <sup>1</sup>	No	No	Yes	No.
Los Angeles Stock	Yes	No	No	No	Yes	No.
Manila Stock	Yes	No	No	No	Yes	No.
Milwaukee Grain & Stock	Yes	Yes <sup>6</sup>	No	No	Yes	No.
Minneapolis-St. Paul Stock	Yes	Yes <sup>6</sup>	No	No	Yes	No.
New Orleans Stock	Yes	No	No	No	No	No.
New York Curb	Yes	No	No	No	Yes	No.
New York Produce	Yes	Yes <sup>1</sup>	No	Yes	Yes	No.
New York Real Estate	Yes	No	No	Yes	Yes	No.
New York Stock	Yes	No	No	No	No	No.
Philadelphia Stock	Yes	Yes <sup>1</sup>	No	Yes	No	No.
Pittsburgh Stock	Yes	Yes <sup>1</sup>	No	Yes	No	No.
Richmond Stock	Yes	Yes <sup>1</sup>	No	Yes	No	No.
St. Louis Stock	Yes	Yes <sup>1</sup>	No	No	Yes <sup>8</sup>	No.
Salt Lake Stock	Yes	No	No	No	No	No.
San Francisco Curb	Yes	No	No	No	No	No.
San Francisco Mining	Yes	Yes <sup>1</sup>	No	No	Yes	Yes.
San Francisco Stock	Yes	Yes <sup>1</sup>	No	No	Yes	No.
Seattle Mining	Yes	Yes <sup>1</sup>	No	No	Yes <sup>10</sup>	No.
Seattle Stock	Yes	Yes <sup>1</sup>	No	No	Yes <sup>11</sup>	No.
Stanford Stock of Spokane	Yes	No	No	Yes <sup>1</sup>	No	No.
Washington Stock	Yes	Yes	No	No	No	No.

<sup>1</sup> Approval of governing body required.  
<sup>2</sup> Standing committees may also be appointed by governing body.  
<sup>3</sup> Members of committees on arbitration and appeals elected by exchange and may not be a member of board of directors.  
<sup>4</sup> Approval of exchanges required.  
<sup>5</sup> Except committees to investigate doubtful transactions.  
<sup>6</sup> Membership and governing body may also appoint committees.  
<sup>7</sup> To appoint some standing committees with approval by board of managers.  
<sup>8</sup> President appoints such committees as he sees fit for the successful conduct of the exchange.  
<sup>9</sup> Membership committee consists of governing board and 8 members of exchange elected by governing board.  
<sup>10</sup> Board of governors may appoint special committees.  
<sup>11</sup> From governing body exclusively.