



1962
REPORT TO
MEMBERS

NATIONAL ASSOCIATION OF SECURITIES DEALERS



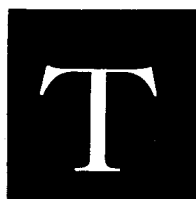
1962 REPORT TO MEMBERS

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NATIONAL ASSOCIATION OF SECURITIES DEALERS INC.

THE CHAIRMAN



HE responsibility for the continuing privileges of self-regulation in the securities business has been intensified by the tempo of growth in new members, branch offices, registered representatives and the high level of business activity during the last ten years.

In 1962, the SEC's special study of the securities business and its markets has held a magnifying glass to the Association, its members and each of our present and future programs. Governors, Committeemen, as well as the NASD staff, have cooperated to the utmost with this investigation by discussing freely with the study group the philosophy, direction and problems inherent in exercising the unique privilege of self-regulation which is entrusted to our Association.

A number of times during the year the SEC has also re-emphasized its belief in self-regulation, a belief to which we are all dedicated.

This privilege charges us with a serious responsibility—that of seeing that this regulation is adequate, correct and fair. The amount of time and effort spent by District Committees and Board Members over the years in carrying out this responsibility is impossible to evaluate.

Untold hours have been spent by Committees in such areas as Quotations, Uniform Practice and Foreign Securities to bring about orderly and ethical conditions from potentially chaotic situations. The amount of Committee time available for these activities is, naturally, limited.

Chairman Cary of The SEC, mindful of the importance and history of self-regulation in the securities industry, has suggested that we investigate our problems and indeed urges us “to acknowledge the need for cooperative effort in fulfilling them.”

Self-regulation is expensive and undoubtedly our direct cost in carrying it out will grow in proportion to our willingness to give it our support. Chairman Cary advises, “Do not begrudge the funds to increase self-regulation. Governmental action is called for when there is a void, but the SEC is sincerely anxious that any vacuum be filled by industry policing.”

Obviously, additional staff will mean additional expenses and although our 1963 budget substantially exceeds that of 1962, the industry must be prepared to finance the benefits allowed it under the Maloney Act.

It has been a memorable privilege for me to work with so many dedicated people during the past year. The cooperation and enthusiasm of the National and District Committees is highly gratifying, and I am indeed indebted to a most loyal and efficient staff throughout the country. The industry can and should be most proud of this organization.



Avery Rockefeller, Jr.
Chairman of The Board of Governors

THE EXECUTIVE DIRECTOR



Wallace H. Fulton

THE year 1962 was an important one for the Association and all of its members; I believe it was the prologue to a new era in methods of communication and standards of operating procedures in the over-the-counter securities business.

Association membership continued to grow in 1962 to an all time high of 4,771 firms. The number of registered representatives at year-end totaled 94,444, a net decrease of more than 8,000 from the 102,000 registered at the close of 1961. Branch office registrations rose to 4,713 from 4,519 in 1961.

Revision in By-Laws and Rules of Fair Practice

In 1961, the Board of Governors instructed the Association's staff to review the By-Laws, Rules of Fair Practice, Interpretations, Resolutions and Code of Procedure with the objective of simplifying and modernizing various provisions to conform more closely with experience and present conditions. A draft of proposed revisions is now under consideration by the Board of Governors. When the revisions are approved by the Board, they will be submitted to the NASD membership for vote.

National Over-the-Counter Clearing Corporation

In 1962, the Association completed efforts to establish a clearing facility for over-the-counter securities which will function as a separate entity owned and operated by NASD members.

More than \$600,000 worth of common stock was subscribed by Association members in the New York area where operations will be centered until the need spreads to other financial communities. The Clearing Corporation has established offices at 12 Albany Street, and Charles A. Gilroy, formerly of the New York Stock Clearing Corporation, has been elected Executive Vice-President. Howard Emen, former secretary to the Association's Uniform Practice Committee, has been elected Secretary-Treasurer. These operations officers are now formulating the procedures and devising the necessary forms to be used in the clearing operation. A Rules and Procedures Subcommittee has been established to develop standards of clearance and conduct of members. It is expected that the initial list of securities to be cleared will contain 1200 to 1500 OTC securities. Operation on a trial basis will probably begin in early summer of 1963.

Underwriting Arrangements Committee

The Committee on Underwriting Arrangements began its review of underwriting compensation on new issues a little over one year ago at the direction of the Board of Governors. During 1962, 1312 proposed new offerings were processed by the Committee at 31 regular meetings. Approximately two-thirds (825) of the arrangements reviewed by the Committee fell into the "unseasoned" category and 163 of these were determined unfair and unreasonable. In most cases, the arrangements for compensation were revised in accordance with suggestions of the Committee. Where underwriters appeared to ignore the Committee's suggestions, recommendations have been made to appropriate District Committees for the filing of complaints. The Board of Governors has determined that unfair and unreasonable underwriting arrangements are a violation of Article III, Section 1 of the Rules of Fair Practice requiring high standards of commercial honor and just and equitable principles of trade.

Qualification Examination and Training Program

Since putting the NASD's new qualification examination into effect in January, 1962, there has been a marked decline in the number of examinations given. In 1961, 30,790 examinations were scored, but in 1962, only 16,186 examinations were scored. Equally significant is the increase in the failure rate since the new test was adopted. During the past year, 2,247 failed the examination.

Since the passing score on the new examination was raised in November for the third time, the failure rate for the last two months on first attempts at the test has been approximately 32%, compared with a failure rate of 3% in 1961 under the old test for which questions and answers were disclosed.

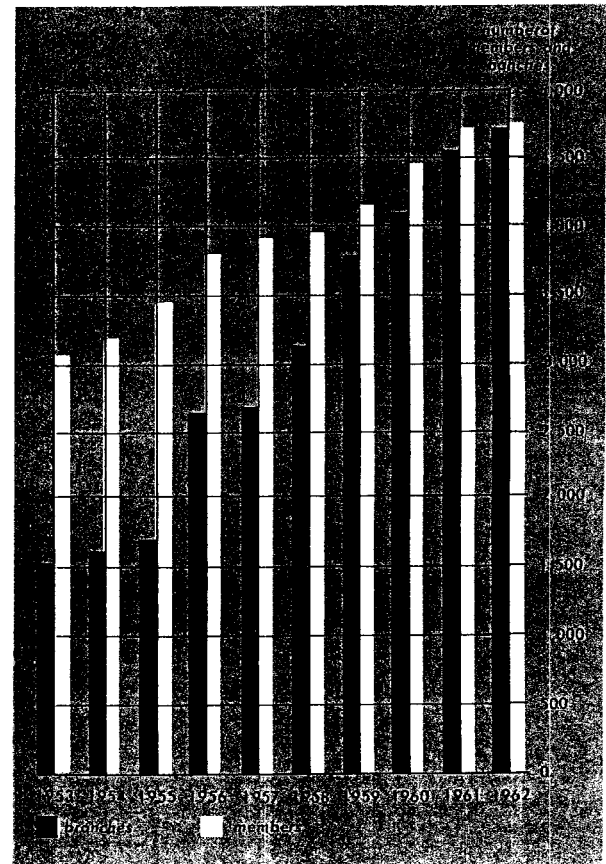
In May of last year the Board approved the development of a new, more comprehensive study guide to be used in home study as well as classroom instruction in preparing for the NASD qualification examination. The Psychological Corporation was retained to develop this new educational aid and is expected to complete a working draft that can be submitted to the Board of Governors for approval in 1963.

A new examination for officers, partners and sole proprietors new to the securities business is now near completion and will be introduced late in 1963. This examination will contain both objective type and short answer essay type questions, will require three hours to take and, in general, will be more demanding on the knowledge of those who take it.

Complaints and Inspections

The addition of 11 more men to the examination staff in 1962 has enabled us to increase significantly all phases of our inspection and compliance program this past year.

A total of 2,393 examinations of member firms and branch offices were made in 1962. Over 36% of the 4,771 members were examined



and 14% of the 4,713 branch offices. In 1961, we examined 31.4% of the members and 10.4% of the branch offices.

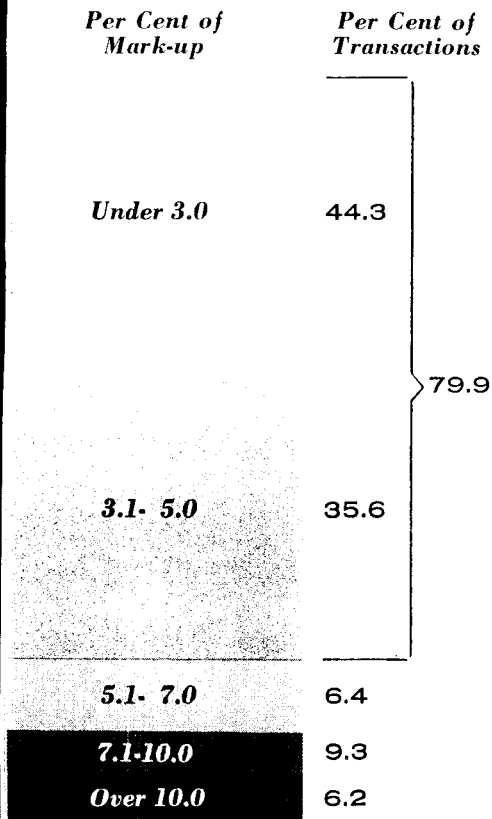
Complaints filed from these examinations and free-riding questionnaires resulted in expulsion of 52 members and revocation of 74 registered representatives. Fifteen members and 32 registered representatives were suspended; 318 members and 64 registered representatives fined, and 332 members and 90 registered representatives censured in 1962.

Over 22,000 transactions recorded on examination reports were analyzed for mark-ups during 1962. This study showed that 44% of these transactions were executed with mark-ups of 3% or less and 80% of the transactions had mark-ups of 5% or less. In addition, during the past year, the Association continued its careful scrutiny of free-riding and withholding practices. Questionnaires were sent out on 19 hot issues and complaints filed in 118 cases, which included approximately 85 cases carried over from the previous year.

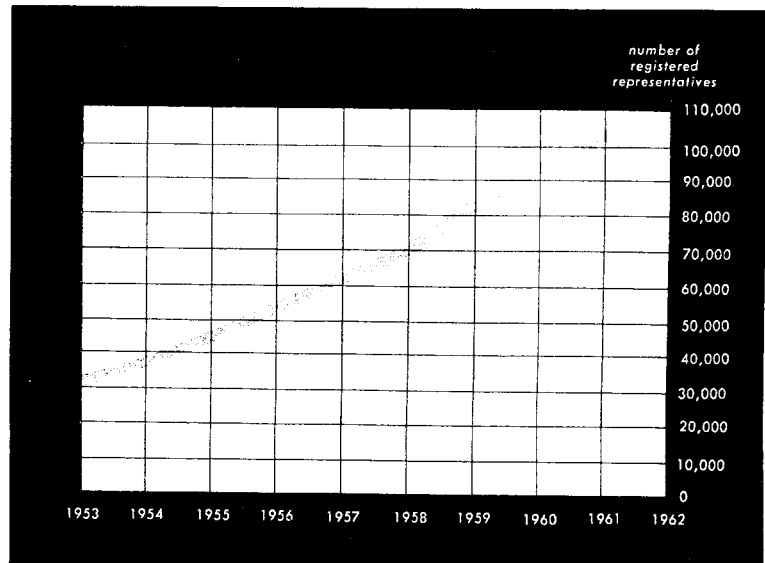
Every member was required to submit a financial statement as of June 30. These statements were analyzed by a special force of examiners and 113 capital deficiencies were uncovered. All cases in which it appeared that members were not in compliance with the SEC's net aggregate indebtedness rule were referred to the SEC and the appropriate NASD District Committee.

Staff and Administration

During 1962, the Association staff was increased to 164. Membership, Quotations, Legal, Compliance, Investment Companies and Administrative Departments have all been expanded to handle the increasing volume of work in these areas.



NASD inspections show that 79.9 per cent of mark-ups on transactions computed in 1962 were under 5 per cent.



Testimony of Association representatives at the SEC's public hearings on qualification and training of salesmen helped substantially in giving the press and public accurate information on NASD activities. Shown at the witness table are, left to right: Ray Moulden, Director of the Investment Companies Department; Marc White, Counsel; Avery Rockefeller, Chairman of the Board; Wallace Fulton, Executive Director; and John Hodges, Special Assistant to Executive Director.



Relations and Cooperation with the Congress and the SEC

The original \$750,000 budget for the SEC's special study of the securities markets was increased by an additional \$200,000 early in 1962. The NASD submitted a statement in support of this additional expenditure.

At the SEC's public hearings in May on training and qualification of securities salesmen, NASD Chairman Rockefeller, the Executive Director and other members of the staff presented testimony covering a broad spectrum of Association history, responsibilities and methods of operation in the field of self-regulation. In addition, during the year, we have held numerous conferences with the SEC staff and made suggestions in connection with proposed rules and regulations. The Association's full cooperation has been given to the Special Study Group.

The responsibilities of self-regulation have increased tremendously during 1962 and, at the same time, the benefits derived have also expanded proportionately. In the coming months and years, we can reasonably expect that the NASD must stand ready to assume new duties and responsibilities as the complexion of the securities business changes to meet public needs.

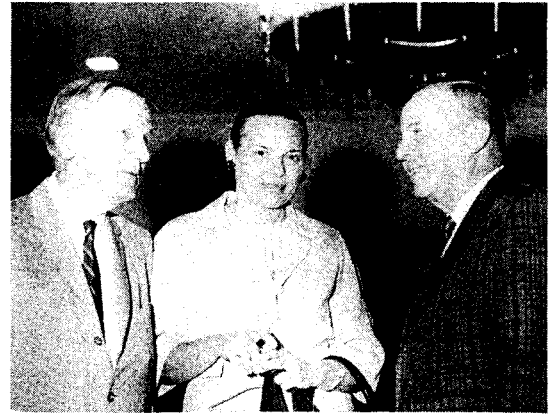


Chairman Rockefeller checks one of the NASD rules with Executive Director Fulton before replying to a question at the Special Study Group's public hearings in May.

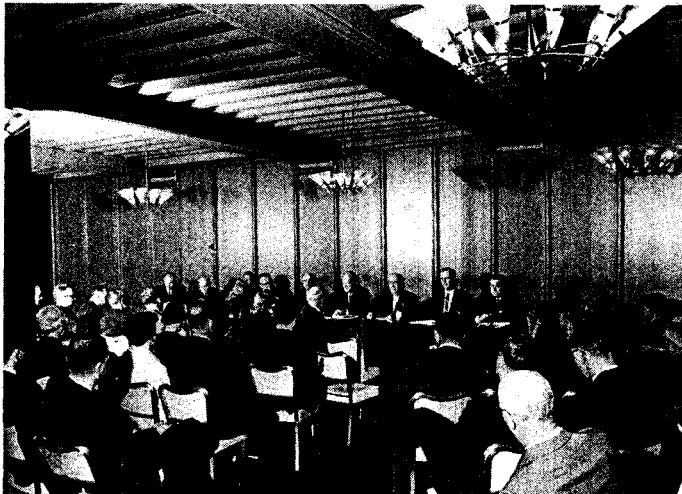
*Wallace H. Fulton,
Executive Director*



Gus G. Halliburton, member of the Board of Governors from District 7, reviews recent Association policies and interpretations for NASD members at a meeting in Augusta, Georgia.



District 5 Chairman Clyde Ulmer, far right, explains some NASD activities to two Association members at an open meeting held in Birmingham, Alabama.



Officers and members of District Committee 1 conduct an informal question and answer session at a meeting of NASD members in Portland, Oregon.



Secretary to District Committee 4, Edward Holoka, addresses an open meeting of NASD members in Kansas City.



Officers and members of District Committee 3 check certain points in the NASD Manual before addressing a local membership meeting in Denver. Left to right: Paul Youmans, Governor from District 3; Ken Cole, District Secretary; Leon Lascor and Roscoe Ayres, Committee members, and Bill Johnson, Committee Chairman.

THE MEMBERSHIP

National Business Conduct Committee

In 1962, 115 District Committee decisions were either appealed to or called up for review by the National Business Conduct Committee, which is composed of nine members of the Board of Governors. This was the largest number of cases ever handled by the Committee.

The Committee examines all disciplinary action taken by the 13 District Business Conduct Committees, to insure that decisions and penalties imposed are consistent with policy.

When complaints are initiated by the public, members, or as a result of NASD inspections, the District Committees having jurisdiction over the respondent members hold hearings, render a decision and impose a penalty if a violation of the Rules of Fair Practice is found. All members have a right to appeal their cases to the National Business Conduct Committee, where additional hearings may be held and the Committee will present facts, arguments and recommendations for the full Board's final decision.

Decisions of the Board of Governors may be appealed to the SEC and then to the Courts. During 1962, 13 such cases were appealed to the Commission and ten decisions handed down in connection with cases appealed in the previous year. The Association's original decision and penalty was upheld by the SEC in seven cases. In two instances, the Commission agreed with the NASD findings but reduced the penalty that had been imposed. One case was remanded to the Association for reconsideration.

National Uniform Practice Committee

The responsibility of the National Uniform Practice Committee is to coordinate custom, practice, usage and trading among members in their day-to-day securities transactions, within the standards of the Uniform Practice Code.

The Committee in 1962 assisted in the settlement of 12 trade disagreements between members through the informal arbitration procedure. The membership has been kept current on special situations through 16 formal announcements. The major task of the Committee during the year has been to review the Uniform Practice Code for changes to be incorporated in the broad Association program of By-law and Rules revision.

Investment Companies Committee

The Investment Companies Committee studies sales practices used in the promotion and sale of investment company shares, cooperating closely with the Securities and Exchange Commission. When indicated, it also recommends corrective action to the Board of Governors. In addition, the Committee supervises the work of the Investment Companies Department in its review of sales litera-

THE COMMITTEES



All business conduct complaints must start with a well-qualified and highly trained examination force. Shown conducting one of the two six-week training courses held in 1962 for new examiners are, standing, left to right: Edward Gilleran, Chief of Examiners, and Ray Moulden, Director of Investment Companies Department.

ture under the SEC's Statement of Policy.

Among other things in 1962, the Committee worked on revision of Section 26 of the Rules of Fair Practice, now pending before the Board; negotiated with the SEC on a series of interpretations affecting quantity discounts on the sale of shares, on possible changes in Commission policy governing institutional advertising and sales literature, on means to implement the Keogh-Smathers Act permitting retirement plans for self-employed and professional persons, and on the prevention of improper offerings of equity funding arrangements. The Committee secretary testified before the SEC's Special Study Group and is preparing a booklet to guide salesmen offering contractual plans on the do's and don'ts in this sensitive area of the business.

More investment company literature was reviewed in 1962 than in any year prior to 1961. Approximately half the 10,200 units filed required comment. Nearly 90,000 pieces of literature have been reviewed since 1950.

Foreign Securities Committee

The Foreign Securities Committee considers problems in trading foreign securities and American Depositary Receipts in the American market, enforcing equitable standards and uniform trade practices.

During 1962, the Committee and counsel for the Big Four Japanese broker-dealers established new confirmations for rights and warrants of Japanese securities. After meetings on "ex" and payment dates relating to Tokyo Shibaura Electric Company, Ltd. (TOSHIBA ADRs), the Committee took a firm stand on the establishment of such dates for Japanese securities, so as to maintain an orderly American market.

Proposed SEC Rules 402 (A) and 440 set certain restrictions on the free exchange of foreign securities in the American market. The Committee worked with the Investment Bankers Association and the New York Stock Exchange to present unified comment on the proposed rules. The Committee also prepared revisions to the Uniform Practice Code relating to foreign securities.

Insurance Trustees

The Association's Group Life Insurance plan experienced moderate decreases in the amount of insurance in force, number of individuals covered and firms participating in 1962. The amount of insurance in force fell from \$107,000,000 to approximately \$100 million. At the end of 1962, 921 firms were participating in the plan, down from 972 in 1961, and 8984 individuals were covered, down from 9728.

Participation in the comprehensive major medical plan also decreased during 1962. However, the decrease in number of firms and employees covered has been less severe than in the Life plan. In 1962, there were 485 firms participating, 2597 individuals covered and 1389 persons with dependent coverage.

The Trustees have instructed the insurance company to prepare a study based on state-by-state distribution of claims with a view

to developing premium rates on a geographical basis.

The declines in the Life Insurance and Major Medical plans are attributable to the unfavorable conditions in the securities business during the past year. The Trustees anticipate reopening the Life Insurance plan in the Fall of 1963.

Quotations Committee

The National Quotations Committee is concerned principally with the continued expansion of NASD supervised quotations in newspapers throughout the country.

On January 2, 1962, the Association began releasing twice a day instead of once a day quotations on all of the securities compiled in New York. The afternoon papers are furnished with quotations compiled about noon, and the morning newspapers publish quotations released near the end of the day.

By September, all major newspapers in New York which publish financial news were carrying the full list of daily quotations. In addition, the New York Times is now publishing quotations on an extensive list of nationally active securities in its Los Angeles edition. The Los Angeles Times has also doubled the amount of space allocated to over-the-counter quotations.

At year end, the Wall Street Journal had arranged to carry a single uniform list of 1,430 over-the-counter quotations in all editions. The new list comprizes all the securities previously carried nationally, as well as the largest issues from each of four lists published regionally. It started January 3, 1963.

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TABULATION OF COMPLAINT PROCEEDINGS AND DISPOSITION

January 1, 1962—December 31, 1962

COMPLAINTS					PENALTIES												
Dist. #	Pending Jan. 1		Pending Dec. 31		Expulsion				Suspension			Fine		Censure		Dismiss	
	'62	Filed	Closed	'62	M	RR	C	NP	M	RR	C	M	RR	M	RR	M	RR
1	2	31	22	11	2	2	—	1	1	1	—	15	5	16	5	3	2
2N	8	14	9	13	—	3	—	1	—	1	—	3	6	2	1	5	4
2S	22	20	13	29	2	2	—	4	—	3	—	4	4	5	6	5	1
3	15	19	18	16	4	5	3	—	2	4	—	2	4	7	4	6	2
4	6	12	7	11	—	—	—	—	—	1	—	6	—	7	1	—	—
5	20	27	28	19	2	—	—	2	3	1	—	23	4	23	22	1	1
6	8	20	20	8	3	6	3	—	—	1	—	11	2	12	2	3	—
7	14	44	35	23	3	2	1	2	2	5	—	23	1	27	2	1	1
8	22	27	27	22	4	7	3	—	1	—	—	17	11	13	10	7	3
9	1	16	8	9	2	2	2	—	1	1	—	1	3	4	1	1	—
10	45	14	44	15	15	10	4	—	1	3	—	21	1	23	9	2	2
11	24	31	23	32	3	5	5	—	2	4	1	12	8	6	6	5	17
12	165	159	204	120	12	28	19	3	1	6	—	162	14	161	19	15	9
13	24	18	29	13	—	2	—	1	1	1	—	18	1	26	2	3	—
Totals	376	452	487	341	52	74	40	14	15	32	1	318	64	332	90	57	42

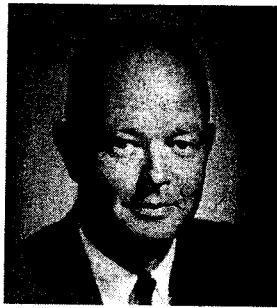
M—Member Firm

RR—Registered Representative

C—RR Cause

OFFICERS & BOARD OF GOVERNORS 1962

**TO SERVE
UNTIL
JANUARY,
1963**



Avery Rockefeller, Jr.
Dominick & Dominick
New York
Chairman 1962



Edward H. Ladd 3d
The First Boston Corp.
New York
Vice Chairman 1962



Paul E. Youmans
Bosworth, Sullivan &
Company, Inc.
Denver
Vice Chairman 1962



Robert E. Daffron, Jr.
Harrison & Co.
Philadelphia,
Treasurer 1962



G. Shelby Friedrichs
Howard, Weil, Labou-
isse, Friedrichs and Co.
New Orleans



Gus G. Halliburton
Equitable Securities
Corporation
Nashville



William S. Hughes
Wagenseller & Durst,
Inc.
Los Angeles

**TO SERVE
UNTIL
JANUARY,
1964**



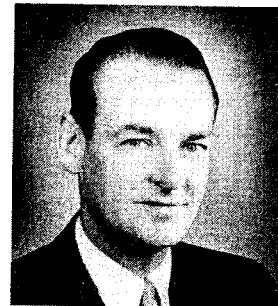
Merrill M. Cohen
J. M. Dain & Co., Inc.
Minneapolis
Chairman 1963



Hudson B. Lemkau
Morgan Stanley & Co.
New York
Vice Chairman 1963



Merl McHenry
J. Barth & Co.
San Francisco
Vice Chairman 1963



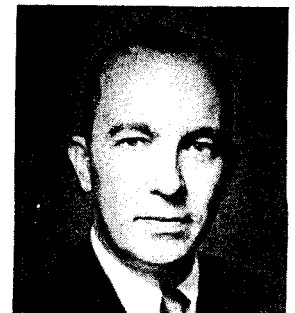
Robert W. Fleming
Folger, Nolan, Fleming
& Co., Inc.
Washington, D. C.
Treasurer 1963



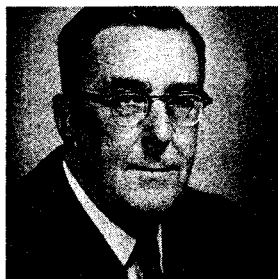
John W. Bunn
Stifel, Nicolaus &
Company, Inc.
St. Louis



Earl G. Fridley
Fridley & Frederking
Houston



A. J. Goodwin, Jr.
Lee Higginson Corp.
Chicago



Wallace H. Fulton
Executive Director

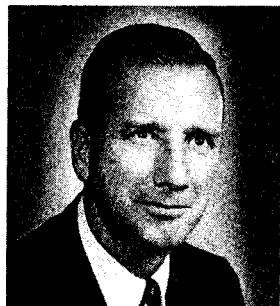
**TO SERVE
UNTIL
JANUARY,
1965**



John W. Dayton, Jr.
Clark, Dodge & Co.,
Incorporated
New York



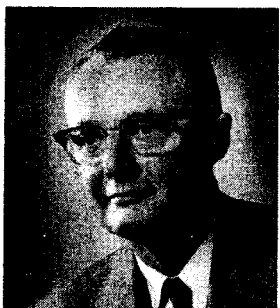
James H. Goddard
J. H. Goddard &
Company, Inc.
Boston



Robert W. Haack
Robert W. Baird &
Co., Incorporated
Milwaukee



Robert R. Miller
Hornblower & Weeks
Los Angeles



George F. Patten, Jr.
George Patten Invest-
ment Co.
Portland



Craig Severance
New York Securities
Co.
New York



Justin J. Stevenson, Jr.
W. E. Hutton & Co.
Cincinnati

**TO SERVE
UNTIL
JANUARY,
1966**



John W. Callaghan
Goldman, Sachs & Co.
New York



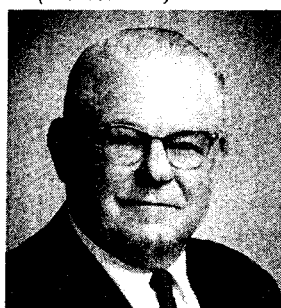
G. Shelby Friedrichs
Howard, Weil, Labou-
isse, Friedrichs and Co.
New Orleans
(Re-elected)



Gus G. Halliburton
Equitable Securities
Corporation
Nashville
(Re-elected)



Joseph Ludin
Dillon, Read & Co.,
Inc.
New York



Malcolm F. Roberts
Hornblower & Weeks
Denver



Van S. Trefethen
Shuman, Agnew & Co.
San Francisco



Norman B. Ward, Jr.
Singer, Dean &
Scribner
Pittsburgh

1962 COMMITTEES OF THE BOARD

EXECUTIVE COMMITTEE

Avery Rockefeller, Jr., *Chairman*
John W. Bunn
Merrill M. Cohen
Robert E. Daffron, Jr.
A. Jackson Goodwin, Jr.
William S. Hughes
Edward H. Ladd, 3d
Hudson B. Lemkau
Merl McHenry
Paul E. Youmans
Wallace H. Fulton

FINANCE COMMITTEE

William S. Hughes, *Chairman*
Robert E. Daffron, Jr.
Robert W. Fleming
Earl G. Fridley
Avery Rockefeller, Jr.
Wallace H. Fulton

BUSINESS CONDUCT COMMITTEE

John W. Bunn, *Co-Chairman*
Merrill M. Cohen, *Co-Chairman*
A. Jackson Goodwin, Jr., *Co-Chairman*
Merl McHenry, *Co-Chairman*
James H. Goddard
Robert W. Haack
Gus G. Halliburton
Robert R. Miller
George F. Patten, Jr.
Justin J. Stevenson, Jr.

LEGISLATION COMMITTEE

A. Jackson Goodwin, Jr., *Chairman*
John W. Dayton, Jr.
Gus G. Halliburton

UNIFORM PRACTICE COMMITTEE

George J. Denzer, *Chairman*
Thomas B. MacDonald, *Vice-Chairman*
Edward J. Armstrong
Ralph Jones
Roy W. Jordan
Joseph W. Menges

QUOTATIONS COMMITTEE

Francis J. Cunningham, *Chairman*
Glen A. Darfler, *Vice-Chairman and
Chairman, Midwestern Region*
Gilbert M. Lothrop, *Chairman
Eastern Region*
William C. Porter, *Chairman
Southwestern Region*
Ralph E. Phillips, Jr., *Chairman
Pacific Coast Region*
S. Richard Harris
Clarence A. Horn
John I. Rohde
Craig Severance

INFORMATION COMMITTEE

John W. Bunn, *Chairman*
Earl G. Fridley
G. Shelby Friedrichs
Wallace H. Fulton

INVESTMENT COMPANIES COMMITTEE

Franklin R. Johnson, *Chairman*
Edward B. Burr
Robert L. Cody
George W. Fulk
Arthur H. Haussermann
Glenn N. Lempereur
Rowland A. Robbins
Craig Severance
Joseph E. Welch

FOREIGN SECURITIES COMMITTEE

Henri L. Froy, *Chairman*
John A. Nevins, *Vice-Chairman*
Hans Ben
Jack M. Bloch
Jerome C. Cuppia, Jr.
Albert deJong
John Fountain
Derek Grewcock
Max Halpert
Edwin S. Marks
Marshall S. Mundheim

NASD STAFF

Executive Office—Washington, D. C.

Wallace H. Fulton *Executive Director*
 Donald H. Burns *Assistant to Executive Director*
 Marc A. White *Counsel*
 Lloyd J. Derrickson *Assistant Counsel*
 Frank Wilson *Assistant Counsel*
 Jack A. Schindel *Comptroller*
 James Obied *Assistant to Comptroller*
 Ray Moulden *Director, Investment Companies Department*
 James Ratzlaff *Secretary, Investment Companies Committee*
 M. T. Norman *Assistant Secretary*
 Charles Mundt *Assistant Secretary*
 John H. Hodges, Jr., *Special Assistant to Executive Director
 and Secretary, National Quotations Committee*
 Joseph J. McGowan *Assistant Secretary**
 Donald L. Benson *Director, Information Department*
 Lee Monett *Secretary, National Uniform Practice Committee**
 Alling C. Brown *Secretary, Committee on Underwriting Arrangements*
 George Warner *Assistant, Underwriting Arrangements Department*
 Thomas P. Snelson *Director, Membership Department*
 Edward R. Gilleran *Chief of Examiners*
 Fred G. O'Fiesh *Office Manager*

Total Executive Office
 personnel, including inspectors,
 clerical and Insurance
 Trust Unit, — 84

* Stationed in New York

District Offices

District 1

Seattle
 Eugene R. Gibson, *Secretary*

District 2

San Francisco
 George J. Durfey, Jr., *Co-Secretary*
 Los Angeles
 James H. Resh, *Co-Secretary*

District 3

Denver
 Kenneth W. Cole, *Secretary*

District 4

Kansas City
 Edward J. Holoka, *Secretary*

District 5

New Orleans
 Edward J. Newton, *Secretary*

District 6

Dallas
 William J. Radding, Jr., *Secretary*

District 7

Atlanta
 S. Bennett Whipple, *Secretary*

District 8

Chicago
 John F. Brady, *Secretary*

District 9

Cleveland
 Vincent J. Nelson, *Secretary*

District 10

Washington, D. C.
 Richard Peters, *Secretary*

District 11

Philadelphia
 Francis C. Doyle, *Secretary*

District 12

New York
 George J. Bergen, *Secretary*
 Herbert S. Sheidy, *Assistant Secretary*
 John J. Kelly, *Counsel*
 Louis Korahais, *Assistant Counsel*

District 13

Boston
 William S. Clendenin, *Secretary*

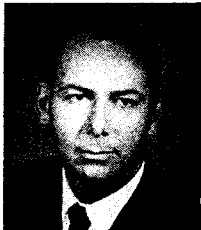
Total District personnel, including examiners and clerical employees, —
 Total NASD Staff —

80
 164

1962 DISTRICT COMMITTEES



William T. Patten
Chairman



Eugene R. Gibson
Secretary

1 ALASKA, IDAHO, MONTANA, NORTH DAKOTA OREGON, SOUTH DAKOTA AND WASHINGTON

William T. Patten
Chairman
Blyth & Co., Inc.
Seattle

Robert H. Atkinson
Vice-Chairman
Atkinson and Company
Portland

Colin A. Campbell
Southwick, Campbell,
Waterman Co.
Seattle

David A. Davidson
D. A. Davidson & Co.
Great Falls

John A. Fagerstedt
Paine-Rice & Company
Spokane

Hammitt E. Porter
J. A. Hogle & Co.
Spokane

Howard B. Somers
Lind, Somers & Co.
Portland

Eugene R. Gibson
Secretary
White-Henry-
Stuart Building
Seattle

2 CALIFORNIA, NEVADA AND HAWAII



A. B. Fox
Co-Chairman



Arthur N. Hoing
Co-Chairman

A. B. Fox
Co-Chairman
Stern, Frank, Meyer
& Fox
Los Angeles

Arthur N. Hoing
Co-Chairman
Brush, Slocumb & Co.,
Inc.
San Francisco

Richard W. Abrahamson
Weeden & Co.
San Francisco

Frank Bowyer
Schwabacher & Co.
San Francisco

Paul N. Duggan
Sutro & Co.
San Francisco

James A. Felchlin
F. S. Smithers & Co.
San Francisco

William R. MacCormack
Evans MacCormack Co.
Los Angeles

Milbank McFie
Merrill Lynch, Pierce,
Fenner & Smith, Inc.
Los Angeles

Alfred J. Stalker
Kidder, Peabody & Co.
Los Angeles

William T. Walker, Jr.
William R. Staats & Co.
Los Angeles

Hart D. Wood
Hart Wood and
Company, Ltd.
Honolulu

Donald M. Wright
Paine, Webber, Jackson
& Curtis
Los Angeles

George J. Durfey, Jr.
Co-Secretary
Russ Building
San Francisco

James H. Resh
Co-Secretary
210 West 7th Street
Los Angeles



James H. Resh
Co-Secretary



George J. Durfey, Jr.
Co-Secretary

3 ARIZONA, COLORADO, NEW MEXICO, UTAH AND WYOMING

Willard A. Johnson
Chairman
Merrill Lynch, Pierce,
Fenner & Smith, Inc.
Denver

Malcolm F. Roberts
Vice-Chairman
Hornblower & Weeks
Denver

Roscoe B. Ayers
Cruttenden, Podesta &
Co.
Denver

Charles E. Crary
E. F. Hutton & Company
Tucson

John C. Crawford
Bosworth, Sullivan &
Company, Incorporated
Denver

Leon A. Lascor
The J. K. Mullen
Investment Company
Denver

Elmer G. Longwell
Boettcher and Company
Denver

J. Arthur Pett
Dempsey-Tegler & Co.,
Inc.
Salt Lake City

Charles K. Snodgrass
Peters, Writer &
Christensen, Inc.
Denver

Kenneth W. Cole
Secretary
Boston Building
Denver



Willard A. Johnson
Chairman



Kenneth W. Cole
Secretary

4 KANSAS, MISSOURI, NEBRASKA AND OKLAHOMA

M. J. (Zack) Warren
Chairman
Storz-Wachob-Bender
Corp.
Omaha

Elliot H. Stein
Vice-Chairman
Scherck, Richter
Company, Inc.
St. Louis

G. Kenneth Baum
George K. Baum &
Company
Kansas City

Clay E. Coburn
Blyth & Co., Inc.
Kansas City

Walter I. Cole
Beecroft, Cole &
Company
Topeka

Milton Luce, Jr.
Luce, Thompson &
Crowe, Inc.
Kansas City

Thomas J. Miller
Harris, Upham & Co.
Tulsa

Lawrence M. Mullen, Jr.
Associated Fund, Inc.
St. Louis

Richard A. Schmelzle
Fusz-Schmelzle & Co.,
Inc.
St. Louis

Edward J. Holoka
Secretary
6 East 11th Street
Kansas City



M. J. Warren
Chairman



Edward J. Holoka
Secretary

5 ALABAMA, ARKANSAS, LOUISIANA, MISSISSIPPI AND, IN TENNESSEE,

*Montgomery, Dickson, Hickman, Lewis and Lawrence Counties
and the remainder of the State west of them*

T. Clyde Ulmer
Chairman
Courts & Co.
Birmingham

Louis A. Lanford
Vice-Chairman
Hill, Crawford & Lanford,
Inc.
Little Rock

Herman Bendorf, 2nd
Herman Bendorf &
Company
Memphis

Ford T. Hardy
Merrill Lynch, Pierce,
Fenner & Smith, Inc.
New Orleans

C. Homer Kees
Ducournau & Kees
New Orleans

Miles A. Watkins
Stubbs, Watkins &
Lombardo, Inc.
Birmingham

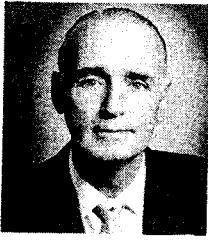
Edward J. Newton
Secretary
1124 Richards Building
New Orleans



T. Clyde Ulmer
Chairman



Edward J. Newton
Secretary



Albert E. Bernet, Jr.
Chairman



William J. Radding, Jr.
Secretary



Roy F. Hunt, Jr.
Chairman



Bennett Whipple
Secretary



Gordon Bent
Chairman



John F. Brady
Secretary

6 TEXAS

Albert E. Bernet, Jr.
Chairman
Schneider, Bernet &
Hickman, Inc.
Dallas

Richard L. Bradley
Equitable Securities
Corporation
Houston

C. Pharr Duson
Rotan, Mosle & Co.
Houston

Joe P. Nelson
King, Nelson & Calvert,
Inc.
Corpus Christi

William C. Porter
Dittmar & Company, Inc.
San Antonio

Roderic B. Thomas
Dallas Rupe & Son, Inc.
Dallas

Leon N. Walthall, Jr.
Dewar, Robertson &
Pancoast
San Antonio

William J. Radding, Jr.
Secretary
Southland Center
Dallas

7 FLORIDA, GEORGIA, SOUTH CAROLINA AND, IN TENNESSEE, Robertson, Cheatham, Williamson, Maury and Giles Counties and the remainder of the State east of them

Roy F. Hunt, Jr.
Chairman
Alester G. Furman Co.,
Inc.
Greenville

H. George Carrison
Vice-Chairman
The Pierce, Carrison,
Wulbern Corporation
Jacksonville

John B. Ellis
Courts & Co.
Atlanta

Orin M. Phelps
The Phelps Company
Miami

Matthew B. Pilcher
Mid-South Securities Co.
Nashville

William H. Zimmerman
The Johnson, Lane, Space
Corporation
Columbus

Bennett Whipple
Secretary
Commerce Building
34 Broad Street, N. W.
Atlanta

8 ILLINOIS, INDIANA, IOWA, MICHIGAN MINNESOTA AND WISCONSIN

Gordon Bent
Chairman
Bacon, Whipple & Co.
Chicago

Robert M. Clark
Vice-Chairman
Blunt Ellis & Simmons
Chicago

Julian A. Kiser
Vice-Chairman
Kiser, Cohn & Shumaker,
Inc.
Indianapolis

Donald I. Creech
Manley, Bennett & Co.
Detroit

Milton S. Emrich
Julien Collins & Company
Chicago

Grant A. Feldman
Piper, Jaffray & Hopwood
Minneapolis

Otto J. Koch, Jr.
The Marshall Co.
Milwaukee

Ernest Kosek
Ernest Kosek & Co.
Cedar Rapids

William L. Liebman
Loewi & Co.,
Incorporated
Milwaukee

Paul R. Noonan
Dixon Bretscher Noonan,
Inc.
Springfield

A. Paul Ogilvie
Hornblower & Weeks
Chicago

Richard J. Swiat
Olmsted & Mulhall, Inc.
Kalamazoo

John F. Brady
Secretary
Harris Bank Building
111 W. Monroe Street
Chicago

9 KENTUCKY AND OHIO

W. Roger Springate, Jr.
Chairman
Security & Bond Company
Lexington

Leslie B. Schwinn
Vice-Chairman
L. B. Schwinn & Co.
Cleveland

Henry J. Arnold
Geo. Eustis & Co.
Cincinnati

Lawrence L. Ball
Hunter, Prugh, Ball &
Davidson, Inc.
Dayton

Morey L. Booth
Stein Bros. & Boyce
Louisville

Charles F. Conners
Pohl & Company, Inc.
Cincinnati

Seth M. Fitchet
Merrill Lynch, Pierce,
Fenner & Smith, Inc.
Cleveland

Gordon S. Macklin, Jr.
McDonald & Company
Cleveland

Leland A. Walters
Vercoe & Company
Columbus

Vincent J. Nelson
Secretary
The East Ohio Building
1717 East Ninth Street
Cleveland



W. Roger Springate, Jr.
Chairman



Vincent J. Nelson
Secretary

10 DISTRICT OF COLUMBIA, MARYLAND, NORTH CAROLINA AND VIRGINIA

R. Eldridge Longest
Chairman
Scott & Stringfellow
Richmond

Thomas L. Anglin
Vice-Chairman
Mackall & Coe
Washington

R. S. Abernethy, Jr.
Interstate Securities
Corporation
Charlotte

Robert King, Jr.
First Securities
Corporation
Durham

Robert T. Norman
Auchincloss, Parker &
Redpath
Washington

Henry H. Philips, Jr.
Branch, Cabell & Co.
Richmond

W. James Price, IV
Alex. Brown & Sons
Baltimore

C. T. Williams, Jr.
C. T. Williams &
Company, Inc.
Baltimore

Richard Peters
Secretary
1710 H. Street, N. W.
Washington



R. Eldridge Longest
Chairman



Richard Peters
Secretary

11 DELAWARE, PENNSYLVANIA, WEST VIRGINIA AND IN NEW JERSEY, Burlington and Ocean Counties and the remainder of the State south of them

Robert V. Harned
Co-Chairman
Warren W. York & Co.,
Incorporated
Allentown

Norman B. Ward, Jr.
Co-Chairman
Singer, Deane & Scribner
Pittsburgh

Edward F. Beatty
W. H. Newbold's Son &
Co.
Philadelphia

Willard S. Boothby, Jr.
Eastman Dillon, Union
Securities & Co.
Philadelphia

David A. Burt
Hazlett, Burt & Watson
Wheeling

William Gerstley, II
Gerstley, Sunstein & Co.
Philadelphia

Arthur F. Humphrey, Jr.
Hulme, Applegate &
Humphrey, Inc.
Pittsburgh

David W. Hunter
McKelvy & Company
Pittsburgh

James C. Lear
Reed, Lear and Company
Pittsburgh

Edgard J. Loftus
W. E. Hutton & Co.
Philadelphia

Osborne R. Roberts
Schmidt, Roberts &
Parke
Philadelphia

Harry B. Snyder
Yarnall, Biddle & Co.
Philadelphia

Francis C. Doyle
Secretary
Philadelphia Nat'l Bank
Bldg.
Broad & Chestnut Streets
Philadelphia



Norman B. Ward, Jr.
Co-Chairman

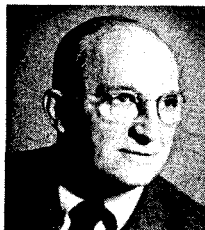


Robert V. Harned
Co-Chairman



Francis C. Doyle
Secretary

12 CONNECTICUT, NEW YORK AND, IN NEW JERSEY,
*Mercer and Monmouth Counties and the remainder of the
 State north of them*



John W. Callaghan
Chairman

John W. Callaghan
Chairman
 Goldman, Sachs & Co.
 New York

George T. Flynn
Vice-Chairman
 Hornblower & Weeks
 New York

Elliott Bliss
 Halle & Stieglitz
 New York

Allen C. Eustis, Jr.
 Spencer Trask & Co.
 New York

H. Theodore Freeland
 American Securities
 Corporation
 New York

Robert M. Gardiner
 Reynolds & Co.
 New York

Herbert A. Goldstone
 Wertheim & Co.
 New York

Warren C. Heidel
 Putnam & Co.
 Hartford

James F. Kersey
 Baker, Weeks & Co.
 New York

Joseph D. Krasowich
 Gregory & Son
 New York

H. Stanley Krusen
 Shearson, Hammill & Co.
 New York

Daniel V. McNamee, Jr.
 First Albany Corporation
 Albany

Victor M. Miller
 G. A. Saxton & Co., Inc.
 New York

Jonas H. Ottens
 Salomon Brothers &
 Hutzler
 New York

Alfred J. Ross
 Dick & Merle-Smith
 New York

Warren K. Van Hise
 Parker and Weissenborn
 Incorporated
 Newark

John Wasserman
 Asiel & Co.
 New York

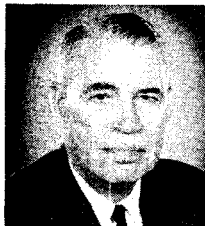
Cleveland S. White
 F. S. Smithers & Co.
 New York

George J. Bergen
Secretary
 25 Broad Street
 New York



George J. Bergen
Secretary

**13 MAINE, MASSACHUSETTS, NEW HAMPSHIRE,
 RHODE ISLAND AND VERMONT**



Roscoe A. Hayes
Chairman

Roscoe A. Hayes
Chairman
 Paine, Webber, Jackson
 & Curtis
 Boston

Walter T. Burns
Vice-Chairman
 Burns, Barron & Co.
 Portland

Clifford B. Barrus, Jr.
 Barrett & Company
 Providence

John M. Bleakie
 W. E. Hutton & Co.
 Boston

Francis A. Farr
 A. C. Allyn and Company
 Boston

Paul B. Hanrahan
 Hanrahan & Co., Inc.
 Worcester

Joseph Mattison, Jr.
 Estabrook & Co.
 Boston

Thomas Whiteside
 Chace, Whiteside &
 Winslow, Inc.
 Boston

T. Edmund Williams
 Hooper-Kimball, Inc.
 Boston

William S. Clendenin
Secretary
 80 Federal Street
 Boston



William S. Clendenin
Secretary

FINANCIAL STATEMENT

	<i>Year Ended September 30,</i>	
	<u>1962</u>	<u>1961</u>
<i>Income</i>		
Assessments	1,093,867	964,020
Registered representatives' Fees:		
Applications	407,490	411,980
Examinations	397,345	292,200
Branch office fees	60,921	54,503
Admission fees and other income	70,383	54,730
Fines and costs	234,265	86,316
Interest	47,865	33,367
	<u>2,312,136</u>	<u>1,897,116</u>
<i>Expenses</i>		
Salaries and office services:		
National office and committees	471,742	367,435
District offices	560,586	464,409
Travel and meetings—Board of Governors, District Committees and other, except for staff investigators	189,252	158,418
Publications, printing and stationery, net	153,163	124,782
Postage	48,144	44,395
Travel of staff investigators, transcripts and miscellaneous ex- penses of investigations and complaints	151,126	100,721
Fees—legal, administration of qualification examinations, com- pilations of quotations and other	235,496	166,879
Rent	149,777	126,003
Furniture and equipment	51,116	39,913
Office and miscellaneous	90,765	66,678
Insurance and taxes	60,768	54,522
Retirement (including \$65,217 in 1961 for providing increased benefits based upon past service)	35,098	99,145
	<u>2,197,033</u>	<u>1,813,300</u>
Excess of income over expenses	115,103	83,816
Accumulated balance:		
Beginning of year	1,201,074	1,117,258
End of year, of which \$40,286 in 1962 and \$38,532 in 1961 is restricted	<u>1,316,177</u>	<u>1,201,074</u>
<i>Composition of Accumulated Balance</i>		
	<i>September 30,</i>	
	<u>1962</u>	<u>1961</u>
Cash	278,979	245,263
Investment Securities, principally U.S. Government obligations at cost which approximates market	1,082,219	984,672
Special investment account (marketable securities at cost, cash and accrued interest)	40,286	38,532
Other assets	29,236	26,298
Accounts payable	(86,318)	(71,246)
Accrued and withheld taxes	(25,617)	(19,339)
Assessments collected in advance	(2,608)	(3,106)
	<u>1,316,177</u>	<u>1,201,074</u>

National Association of Securities Dealers, Inc.
1707 H Street, N. W.
Washington 6, D. C.

Washington 6, D. C.
December 31, 1962

In our opinion the accompanying financial statement presents fairly the recorded income and expenses of the National Association of Securities Dealers, Inc. for the years ended September 30, 1962 and September 30, 1961 and the composition of its accumulated balance at each of those dates, in conformity with generally accepted accounting principles applied on a consistent basis. Our examination of the statement was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

Price Waterhouse & Co.

PURPOSES



O promote the investment banking and securities business

To standardize its principles and practices

To promote high standards of commercial honor and to promote among members observance of Federal and State securities laws

To provide a medium through which the membership may consult with governmental and other agencies

To cooperate with governmental authority in the solution of problems affecting this business and investors

To adopt and enforce rules of fair practice in the securities business

To promote just and equitable principles of trade for the protection of investors

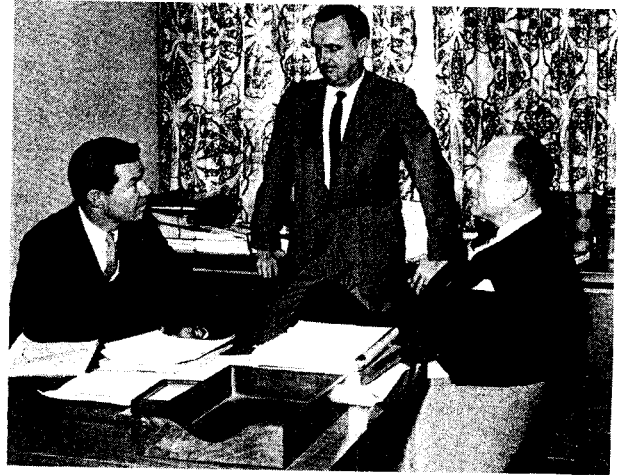
To promote self-discipline among members

To investigate and adjust grievances between members and between the public and members

THE STAFF



Keeping NASD members and registered representatives informed on Association programs and industry subjects is the objective of the NASD News. Shown participating in a "story conference" for the next issue of this publication are, left to right, Edward Gilleran, Chief of Examiners; Jack Schindel, Comptroller; Donald Benson, Director, Information Department, and Alling Brown, Secretary, Committee on Underwriting Arrangements.



The NASD Legal Department advises the 13 District Committees and the National Business Conduct Committee regarding complaints and disciplinary matters and assists other Association departments with questions involving current or pending statutory problems. Left to right are Marc White, Counsel; Frank Wilson, recently added to the staff as Assistant Counsel, and Lloyd Derickson, Assistant Counsel.



Supervising the cataloguing and maintenance of records covering more than 100,000 registered representatives, members and branch offices is the exacting task of Thomas Snelson, left, Director of the NASD Membership Department, shown here discussing a problem with Fred O'Fiesh, the Association's Office Manager in Washington.



Frequent staff meetings between various department heads in the Executive Office help coordinate the many diverse programs of the Association. Shown conferring with Executive Director Wallace Fulton are, left to right: John Hodges, Secretary of the National Quotations Committee; Ray Moulden, Director of the Investment Companies Department, and Donald Burns, Assistant to Executive Director.

NASD

1707 H STREET, N.W.
WASHINGTON 6, D.C.

