

NATIONAL
ASSOCIATION
of
SECURITIES
DEALERS

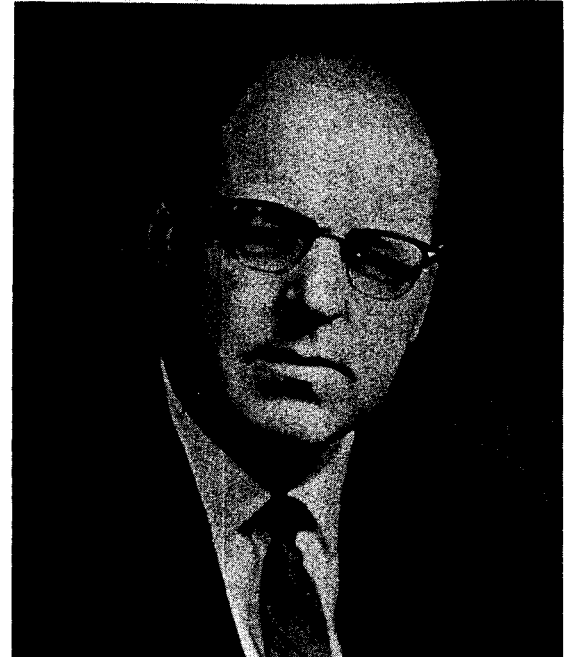


Report to Members

1960

**NATIONAL ASSOCIATION
OF SECURITIES DEALERS, INC.**

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



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1960

MESSAGE FROM THE CHAIRMAN

This message to members is my last official act as Chairman of the Board of Governors of your Association for the year 1960. It has been a year of considerable activity as you will realize when you read the report of the Executive Director and review the other information contained in this Annual Report.

As Chairman of the Board it was my responsibility and pleasure to represent the Association on many occasions, but of all my duties the series of meetings held with the thirteen District Committees and their respective Secretaries presented the biggest challenge and provided the greatest reward. It was evident that those serving on the Committees were intensely interested in the work they were doing, and I could not help but be impressed with the caliber of men the Association is attracting to serve in this capacity. This indicates a growing recognition by member firms that self-regulation can function properly only if it is administered by men of ability.


In 1960 we again experienced a substantial growth in our membership and in the number of registered representatives. However, growth in itself is no virtue, and one of the major problems facing our Association today is the increasing number of people entering our business who are not qualified, either by experience or knowledge, to deal with the public in securities. This problem continues to receive the active attention of your Board of Governors and I believe there are reasons to expect that the current year will produce some favorable action.

Following an extensive study and review of the Association's "5% Mark-Up Policy" by a Special Committee of the Board, a new and condensed interpretation was adopted during the past year. While the new interpretation reflects no change in the Board's basic philosophy, it should serve as a more effective guide to the membership.

The success which our Association has enjoyed over the years has been due in no small part to the wisdom and untiring efforts of our Executive Director, Wallace Fulton. To assure the Association that it may continue to have the benefit of his experience and knowledge, even after his retirement from full-time employment, your Board entered into a contract with him in 1959 which provides that after retirement he will render such advice and counsel to the Association as it may request. Funds for this purpose were set aside during the last fiscal year and are designated as the Special Investment Account in the financial statement appearing on Page 9 of this report.

This message would not be complete without expressing my appreciation for the co-operation, help and advice which has been given so generously by my associates on the Board, members of the staff, and the various committees. It has been a privilege to work with them and an honor to serve as your Chairman.

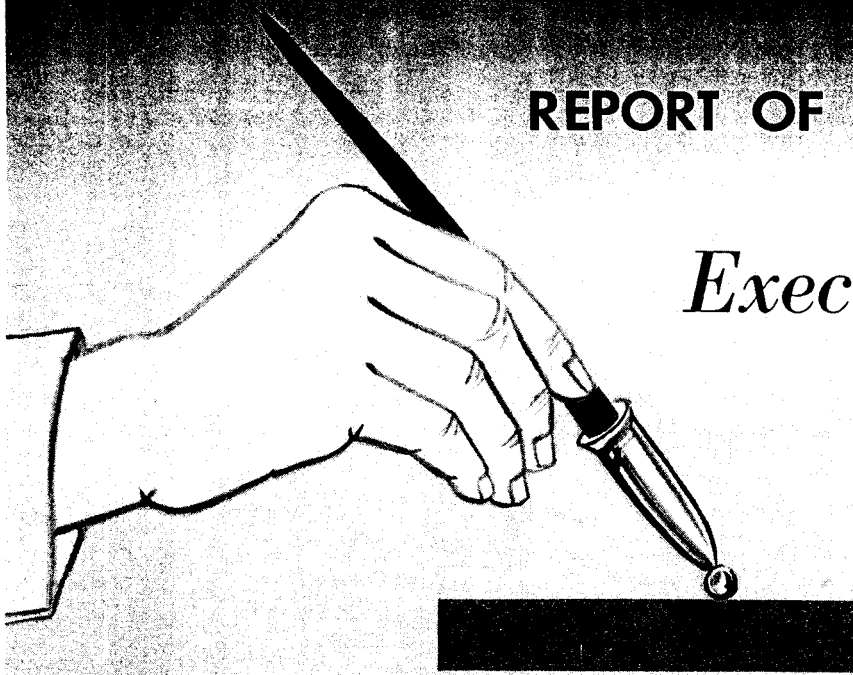
Respectfully submitted,



Glenn E. Anderson

REPORT OF THE

Executive Director



Revision of several important Association policies and the processing of the largest number of complaints in any single year made 1960 the busiest year in our history. In administrative matters, the year was also one of our most active.

POLICIES REVISED

On April 1, 1960, a new "Free-Riding and Withholding" Interpretation was adopted, expanding the scope of the Interpretation and clarifying certain of the circumstances under which it is applicable.

A condensed memorandum covering the 5% Mark-up Policy was declared effective on December 15, 1960, following an extensive study of the Policy by a special committee of the Board.

The Interpretation on "Prompt Payment" by dealers to underwriters for investment company shares was revised in line with practical experience and became effective February 1, 1961.

SEC DECISIONS

The Securities and Exchange Commission also contributed to the clarification of Association rules and procedures. In each of several of its decisions, the SEC affirmed the basic doctrine of the 5% Mark-up Policy and clarified its application to low-priced securities.

In the most important determination yet made by the Commission with respect to Section 2 of the Rules, relating to recommendations to cus-

tomers, the Commission stated that Section 2 "... is directed against the making of recommendations to customers under circumstances where there is no reasonable basis for considering the recommendation suitable to the customer, and we do not interpret it as applying solely to situations where information concerning the customer is known to or communicated to the broker or dealer."

Also noteworthy, from the same case, is the Commission's statement: "To allow persons subject to NASD disciplinary action on appeal to us, to take positions wholly inconsistent with those which they have taken before the Association would seriously depreciate and subvert the purpose and value of its proceedings in the scheme of industry self-regulation intended by the Act."

In still another decision, the SEC provided an excellent guide for enforcement of our advertising interpretation. Misleading sales literature, in this instance, was a major factor in the decision of the SEC to suspend a member from the Association for a period of 15 days.

MEMBERSHIP

At the close of 1960, Association membership amounted to 4,466, a net gain during the year of 324. The year-end membership total was the highest on record. During the year, 702 firms were admitted to membership and the membership

of 378 was discontinued. In 1959, applications numbered 618 and in 1958 there were 456.

All Districts of the Association but one experienced continued growth in membership last year. Only in Texas (District 6) was there a slight reversal of the trend. In District 12, for instance, 189 new members joined the Association, raising the total for the area to 1,909 members. Principal increases in that District were 121 in New York City; 44 in up-state New York; 26 in New Jersey.

Other substantial increases were in District 10 (District of Columbia, Maryland, Virginia and North Carolina), 28 new member firms; District 8 (Minnesota, Wisconsin, Illinois, Indiana, Michigan), 24; District 2 (California and Nevada), 17; District 11 (Pennsylvania, Southern New Jersey and Delaware), 14.

The number of branch offices registered by Association members increased to 4,231 during the year, a net increase of 395 offices.

REGISTERED REPRESENTATIVES

Association members were employing more registered representatives at year-end than ever before. At December 31, 1960, they had registered 93,828 representatives, a substantial increase over the 84,648 registered as of the same date in 1959. Only in District 4 (Kansas, Missouri, Nebraska and Oklahoma) were there fewer registered employees in 1960 than during the previous year. In District 12, there were 3,645 more registered representatives, and substantial increases occurred in Pennsylvania (766), California (604), and Florida (402).

QUALIFICATION EXAMINATION

As suggested by the climb in the number of registered representatives, 1960 was an active year in examinations taken by potential representatives of members. A total of 25,492 examinations were scored during the year, and of these, 22,566 were taken at the 39 Association examination centers. A passing grade of 80 was required last year. A total of 1,126 applicants failed to attain this mark in their first examination effort.

The purpose of the qualification examination is to require applicants for registration to demonstrate that they have the technical proficiency and knowledge of the securities business neces-

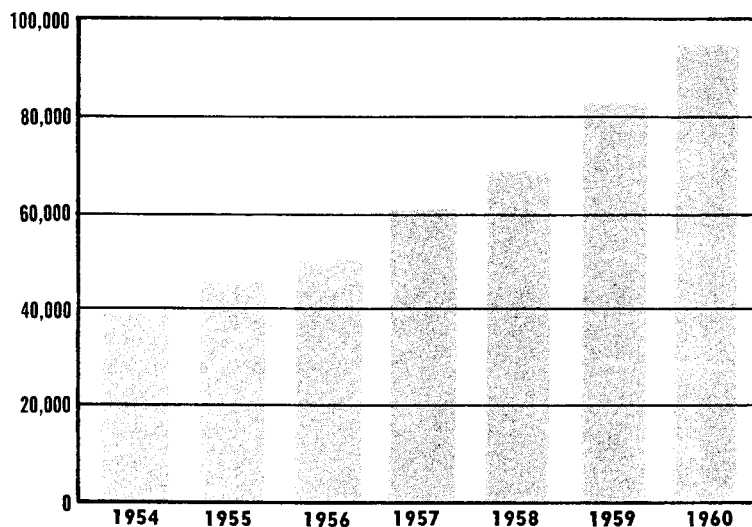
sary to perform their duties as registered representatives. While the Association has raised the passing grade several times since the examination was introduced and has established examination centers throughout the country so that the examination would be taken under uniform, controlled conditions, the need for a stiffer examination has long been recognized.

A major block to the further development of the examination program was removed in December, 1960, when the Securities and Exchange Commission informed us that it would no longer be necessary for the Association to publish in advance the questions and answers in the examination. This has been the arrangement under which we had to operate from the time the program was started in 1956.

In January, 1961, the Board authorized the employment of the Psychological Corporation to prepare a new examination which will require applicants to study the fundamentals of the business and to understand the rules which govern it. Under the new plan, applicants will be furnished with a detailed study outline presenting the topics

Registered Representatives

December, 1954 through December, 1960



to be covered in the examination. The actual questions in the examination, however, will not be available in advance. Plans call for the new examination to be in use before the end of 1961.

Complaint Proceedings and Decisions January 1, 1960—December 31, 1960

COMPLAINTS					DECISIONS										
Dist. Number	Pending Jan. 1., 1960	Filed 1960	Closed 1960	Pending Jan. 1, 1961	Dis-missed		Fines		Expulsions			Suspensions		Censures	
					M	RR	M	RR	M	RR	C	M	RR	M	RR
1	7	17	22	2	2	2	17	1	2	2	1	—	—	17	2
2	35	52	65	22	9	16	55	24	—	2	1	2	1	10	12
3	10	19	12	17	6	—	3	—	1	—	6	1	1	4	—
4	5	10	15	—	1	1	9	3	1	1	1	—	1	12	1
5	9	17	10	16	1	—	6	—	1	2	2	—	—	8	—
6	5	8	12	1	1	—	8	—	1	—	—	—	1	10	4
7	12	26	22	16	7	—	14	—	2	8	—	2	1	12	2
8	12	41	33	20	4	—	22	2	1	3	—	—	—	15	—
9	16	6	18	4	12	—	6	—	—	—	—	—	—	2	—
10	21	40	21	40	1	3	15	1	3	1	4	4	2	14	5
11	18	24	25	17	7	4	9	8	—	4	3	4	2	11	2
12	38	63	52	49	16	6	16	2	10	10	11	3	4	22	3
13	18	25	20	23	4	—	9	3	1	3	—	—	—	15	5
Total	206a	348	327b	227	71	32	189	44	23	36	29	16	13	152	36

M—Member

RR—Registered Representative

C—Cause

a—includes 9 Minor Violation Complaints
b—includes 16 Minor Violation Complaints

MEMBER EXAMINATIONS

A total of 2,009 members' offices were examined in 1960, including 515 branch offices. The 1494 main office examinations covered 33 per cent of the membership. The record for 1960 was a slight improvement over 1959, when 32 per cent of the membership was examined.

The compilation made each year of the results of these examinations revealed the following on the subject of mark-up practices: of 23,537 transactions computed, 79.8 per cent were made at mark-ups of under 5 per cent; 42 per cent were made at mark-ups of up to 3 per cent. In 1960, 7.6 per cent involved mark-ups of 10 per cent or more, and in many instances resulted in disciplinary action.

QUESTIONNAIRE

A questionnaire was circulated among members in November seeking facts as to the number

of salesmen and firms engaged on a part-time basis in the sale of securities. Incomplete returns from the questionnaire indicate the following:

About 11 per cent of the 3600 reporting members are engaged in other businesses in addition to the securities business. In the main, the other businesses are real estate, accounting, insurance, teaching and government employment.

About 22,500, or nearly 30 per cent of the 62,500 registered representatives covered so far in our compilations, are "part-timers." Of these "part-timers," about 60 per cent offer principally contractual (front-end load) plans for purchase of investment company shares, and about 30 per cent offer principally investment company shares other than contractual plans.

Of the approximately 40,000 full-time representatives covered about 40 per cent offer investment company shares other than contractual plans

occasionally, while about 15 per cent offer investment company shares other than contractual plans exclusively or principally.

SPECIAL COMMITTEES

Studies are now under way by two special committees of the Board on problems in the field of underwriting. One special committee is studying the problem created by short sales which are made against the stabilizing bid and subsequently covered, directly or indirectly, by purchases from members of the underwriting and selling groups. The second special committee is examining the problem of determining accurately the unsold balances in underwriters' accounts. Reports from these committees are expected during 1961.

DIVIDEND GAP

The Association, in 1960, continued its support of the educational program initiated by the Treasury Department in 1959 to inform taxpayers that dividends and interest must be reported on tax returns. Several efforts were made in Congress last year to close the gap between dividends and interest paid and reported through the enactment of legislation requiring the withholding of the tax on dividends and interest. While no withholding legislation was passed last year, the possibility is that new efforts will be made in 1961.

Preliminary analyses of 1959 tax returns by the Treasury indicate that the education program is effectively closing the gap. Also, the Treasury is now developing plans for a change-over to a comprehensive system of automatic data processing of tax returns. An essential element of this mechanized system will be the use of social security account numbers or other identification numbers on all tax returns. The plan, in brief, calls for the payer of dividends and interest to indicate the recipient's assigned number on the return filed by the payer, and requires the recipient of dividends and interest to note his assigned number on each return filed with the Internal Revenue Service. Congressional action, however, is needed before the Treasury can adopt this plan. The proposed plan is intended to eliminate the need for any withholding of dividends and interest, inasmuch as this new mechanized process of matching dividends and interest received and reported will enable the Internal

Revenue Service to detect improper reporting, using the information currently received.

A bill proposing the use of account numbers on all tax returns was sent by the Treasury to the Congress in January, 1961.

INCREASED PENALTY

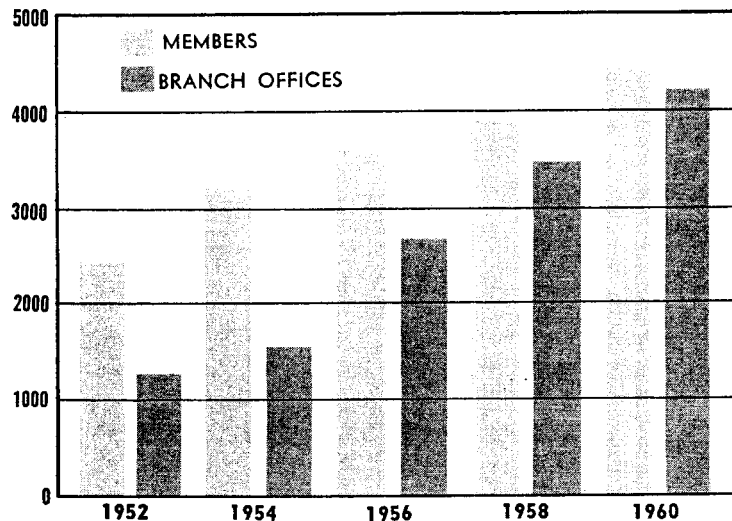
In April, the membership voted approval of amendments to various sections of the By-Laws and the Rules of Fair Practice. These amendments were, for the most part, clarifying in nature. Noteworthy, however, was the approval of the amendment of Article V, Section 1 of the Rules increasing the maximum fine for each violation of the rules from \$500 to \$1,000. These amendments were declared effective by the Board as of August 1, 1960.

ARBITRATION

The desirability of establishing a code of compulsory arbitration for disputes between members has been discussed periodically by the Board of

Members and Branch Offices

December, 1952 through December, 1960



Governors since 1940. In 1944, the Board, in effect, adopted such a proposal, but the SEC, when it was taken informally to the Commission, believed that it was the type of action that should be presented to the membership for a vote and, further, that the compulsory feature should be abandoned. Without the compulsory requirement,

it does not appear that a formal arbitration procedure would be effective.

An *informal* arbitration procedure has been used with some success in certain of the Districts. One District Committee reports that in 1960 amicable settlements were made in disputes involving some \$35,000. Even in that District, however, it appears that the informal arbitration procedure could have been used to greater advantage. A report from the District indicates that at least a dozen cases that have gone through the complaint dockets during 1960 should have been handled as arbitrations. Over 25 other cases would have been the subject of arbitration had there been a formal or compulsory provision in the rules.

Use of the informal procedure by members can often be the simplest and most direct means for obtaining an equitable settlement in disputes between members.

NEW BOOKLET

A copy of a new booklet entitled, "The NASD and the Registered Representative," was sent to all members late in 1960. The booklet contains the standards which are particularly important to the registered representative and includes a re-statement of each of the Rules of Fair Practice, an outline of what is to be found in each section of the Manual, a chapter on the moral and legal obligations of a registered representative and a chapter discussing the effects of

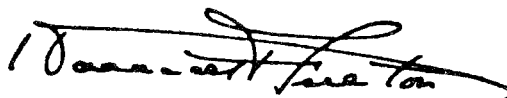
revocation of registration. This booklet should prove valuable to firms that conduct their own training courses and to new people who must prepare themselves for the qualification examination through home study. It can also serve as a refresher for those who have been working in the business. A new handbook on over-the-counter trading was also released during the year. It was well received, judging by requests received for copies.

PUBLIC RELATIONS

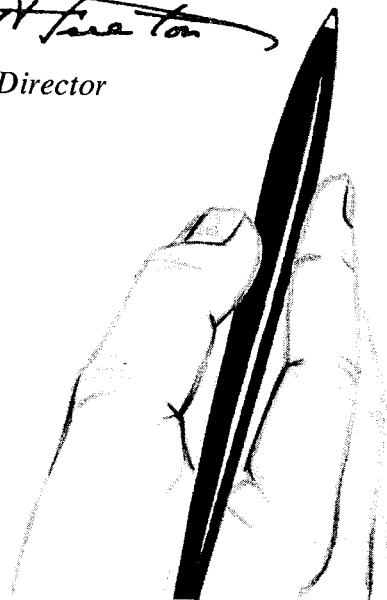
Under the direction of the Information Committee of the Board of Governors, the Association continued its efforts to build public understanding and recognition of the important economic role played by the over-the-counter market. These efforts also embrace work intended to make the Association and its activities in the public interest better known to the public. In 1960, impressive results were obtained in newspaper, magazine and television coverage along these lines. The amount of space given regularly to quotations on over-the-counter securities also was expanded as a result of our efforts.

The year 1960, in retrospect, has indeed been a productive and fruitful one, and everyone who has contributed to the progress that has been reported here may look back over the year with satisfaction. There remain a number of challenging problems—which indicate that the year 1961 will prove equally interesting.

Respectfully submitted,



Executive Director





ACTIVITIES

BUSINESS CONDUCT

Scope of the work of the Association's Business Conduct Committees in 1960 is indicated in the following:

During the year 348 formal complaints were filed by the Association. Three hundred and twenty-seven cases were decided. There are 227 cases still pending. Nine complaints were filed under the Minor Violation Procedure while 16 were closed, of which 7 had been pending at the beginning of the year.

During the year, the District Business Conduct Committees or the Board expelled 23 members and revoked the registration of 36 representatives; suspended 16 members and 13 registered representatives; fined 189 members and 44 registered representatives; censured 152 members and 36 registered representatives; dismissed actions against 71 members and 32 registered representatives; also, 29 unregistered individuals were named as "causes" of disciplinary actions. Total fines and costs assessed were \$153,307.

Sixty-eight cases were appealed to or called up for review by the Board of Governors in 1960.

Five years ago there was one disciplinary case before the Board of Governors. Ten years ago there were two cases, and 20 years ago there were none.

The Securities and Exchange Commission decided the Midland Securities, Inc., Maryland Securities Co., Inc. and Ernest F. Boruski, Jr. cases, in late 1960, all on appeal from Board of Governors' decisions. The Midland Securities decision is of particular significance to future work on

disciplinary cases. The respondent had attacked the 5% Mark-up Policy on every basis, from the constitutionality of Section 15A of the Securities Exchange Act of 1934 under which the Association is registered, to the claim that the Policy was outdated. The Commission held that each of these arguments is without merit. In the Maryland Securities Co. decision, the Commission once again upheld the Association on a determination of unfair prices.

In the Boruski decision, the Commission stated that the respondent could not interpret the Association's failure to raise objections upon an earlier examination as indication that a respondent's books were in compliance with the Rules.

In general, decisions by the Securities and Exchange Commission during the year indicate the Commission's support of our businessman's approach to the handling and disposition of trade practice complaints. While the Commission has, on occasion, disagreed on the exact penalties to be imposed for violations, the Commission has generally accepted the construction of our Rules adopted by the Board of Governors in arriving at decisions.

UNIFORM PRACTICE

New Sections 57 (b) and 61 have been added to the Uniform Practice Code to aid members in expediting trade practices and in eliminating trade disputes.

Necessity for enlarging the scope of the reclamation sections became apparent during an extensive study of an issue involving over 30 members located throughout the United States.

Many misunderstandings concerning trading in unit type issues which have stock purchase warrants attached have arisen between members, as well as between members and their clients, and these misunderstandings indicated a great necessity for clarification on this subject. Section 61 does just that. Since its appearance, there has been a noted decrease in the number of complaints on this subject.

A new issue this year, whose settlement seems to be outside the purview of this Committee, concerns the efforts of underwriters of new offerings to combat short sales against syndicate bids. Some brokers have relied upon the "buy-in" procedure, Section 59 of the Code, while others have not. This matter is under consideration by a committee of the Board of Governors.

The Committee has under consideration an amendment to the Code pertaining to the use of post-dated dividend due-bill checks.

INVESTMENT COMPANIES

In September, the Board adopted a revised interpretation with respect to prompt payment by dealers for shares of investment companies, effective February 1, 1961.

The revised interpretation seeks to prevent dealer misuse of customers' funds where dealers have been paid by customers but delay forwarding payment to underwriters. In essence, the revised interpretation simply imposes on dealers and underwriters the obligation to make prompt payment for shares, to maintain records of transactions including payment dates from customers and to underwriters, and imposes on underwriters the obligation to notify the appropriate District office of the Association whenever payment is not received from a dealer within ten business days from the date of any transaction involving more than \$100 of investment company shares.

During the past year, some 8,200 pieces of literature were reviewed, of which 5,200 required some sort of corrective action. About 1,500 firms regularly file investment company sales literature with the Investment Companies Department in the Executive Office. In all, over 66,000 pieces of literature have been reviewed since the program commenced in 1950.

Continued growth in the investment companies phase of the securities business, including both numbers of new firms and turnover among established firms, in large measure accounts for the continued volume of sales literature requiring comment upon review.

The Committee, during the year, was concerned with a number of points in the areas of investment company underwriting and sales practices. Specifically considered were the level of sales charges, the propriety of holding customers' orders for investment company shares for changes in the market price, the growth of contractual plans and possible need for additional controls as

to sales methods and actual costs to investors, effectiveness of the original Board interpretation as to prompt payment, effectiveness of the current Board interpretation as to special deals in preventing competitive arrangements for added compensation to members or registered representatives such as sharing in management stock, and the ethical considerations in the use of reciprocal brokerage business as a reward for sale of shares or as an inducement to increase the sale of shares.

QUOTATIONS

During the last two years, the National Quotations Committee has endeavored to bring all over-the-counter quotations published as news items under NASD sponsorship. This has involved principally the establishment of local quotations committees to supervise the release of over-the-counter quotations to the local press. So far, NASD sponsorship has replaced the independent dealer by-line in 59 cities throughout the nation and in all cities in North Carolina.

Still, there are areas in the country where the masthead situation continues to be a source of concern, and 1961 activity will be directed at those areas.

Last April, the United Press International placed on its financial wires a list of 47 over-the-counter industrial quotations.

Through the use of Transmit, Inc., a private teletype network system, the Los Angeles Quotations Committee has broadened quotations coverage in the Southern California region. NASD quotations now appear in 21 newspapers in the area in contrast with nine a year ago.

FOREIGN SECURITIES

The volume of business done in foreign securities in the United States has increased greatly over the past five years.

Foreign securities quotations stated in U. S. dollars are now being published in the newspapers under the NASD masthead, thus enabling the public to check the current market range of these securities on a daily basis without reference to currency conversion tables.

The Foreign Securities Committee is endeavoring to obtain a relaxation of the regulations of the United Kingdom Finance Act of 1959. Pending the solution of the problems resulting from the 1959 Act, no initial action has been taken on the 1960 Act.

FINANCIAL STATEMENT

Year ended September 30,

	<u>1960</u>	<u>1959</u>
Income:		
Assessments	\$ 954,353	\$1,010,934
Registered representatives' fees:		
Applications	379,280	321,970
Examinations	277,990	237,420
Branch office fees	50,209	40,419
Admission fees, etc.	54,320	16,705
Fines and costs	112,045	70,935
Interest	45,969	24,400
	1,874,166	1,722,783
Expenses:		
Salaries and office services:		
National office and committees	327,112	291,707
District offices	430,087	373,020
Travel and meetings	139,078	138,519
Publications, printing and stationery, net	155,792	171,689
Complaints and investigations—travel and transcripts	109,616	88,286
Fees—legal, accounting, information and quotations	117,996	184,212
Rent	108,464	96,046
Furniture and equipment	91,212	27,034
Office and miscellaneous	80,934	58,596
Insurance and taxes	42,542	32,825
Retirement (including \$14,896 in 1959 for providing increased benefits based upon past service)	29,727	48,668
	1,632,560	1,510,552
Excess of income over expenses	241,606	212,231
Accumulated balance:		
Beginning of year	875,652	663,421
End of year, of which \$36,765 is restricted, see Note	1,117,258	875,652

Composition of Accumulated Balance

	<u>1960</u>	<u>1959</u>
Cash	\$ 264,046	\$ 284,536
U. S. Government securities, at cost (approximate market)	880,063	662,612
Special investment account (marketable securities, at cost, cash and accrued interest, see Note)	36,765	—
Other assets	26,247	14,900
Accounts payable	(70,667)	(63,911)
Accrued and withheld taxes	(15,873)	(13,825)
Assessments collected in advance	(3,323)	(8,660)
	\$1,117,258	\$ 875,652

NOTE: A special investment account has been established in accordance with a resolution of the Board of Governors. The funds in the account are to be invested and reinvested in consultation with the Association's Retirement Committee. (See Chairman's message, page 1.)

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

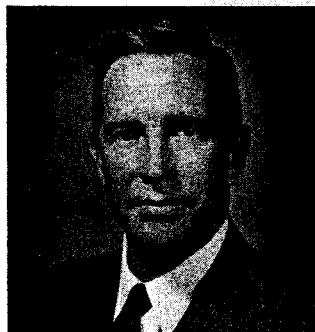
Washington 6, D. C.
December 2, 1960

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, 1960 and September 30, 1959 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.

OFFICERS 1961

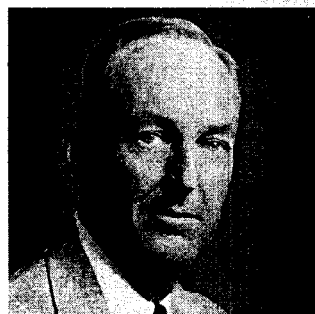
WILLIAM H. CLAFLIN, III
Chairman



ROBERT L. CODY
Vice-Chairman



GRAHAM JONES
Vice-Chairman



BLANCKE NOYES
Treasurer



WALLACE H. FULTON
Executive Director



BOARD OF GOVERNORS

To Serve Until January 1962

Andrew M. Baird
A. G. Becker & Co., Incorporated, Chicago

William H. Claffin, III
Tucker, Anthony & R. L. Day, Boston

Robert L. Cody
North American Securities Company, San Francisco

Samuel S. Whittemore
Pacific Northwest Company, Spokane

Graham Jones
Cooley & Company, Hartford

Blancke Noyes
Hemphill, Noyes & Co., New York City

Claude F. Turben
Merrill, Turben & Co., Inc., Cleveland

To Serve Until January 1963

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

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

Edward H. Ladd 3d
The First Boston Corporation, New York City

Paul E. Youmans
Bosworth, Sullivan & Company, Inc., Denver

Edward S. Lewis, Jr.
Lewis and Company, Jackson, Mississippi

J. Robert Neal
Wyatt, Neal & Waggoner, Atlanta

Avery Rockefeller, Jr.
Dominick & Dominick, New York City

To Serve Until January 1964

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

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

Robert W. Fleming
Folger, Nolan, Fleming—W. B. Hibbs & Co., Inc., Washington

Merl McHenry
J. Barth & Co., San Francisco

Earl G. Fridley
Fridley & Frederking, Houston

A. Jackson Goodwin, Jr.
Lee Higginson Corporation, Chicago

Hudson B. Lemkau
Morgan Stanley & Co., New York City

FORMER CHAIRMEN OF THE BOARD OF GOVERNORS

1939—*B. Howell Griswold, Jr.
Baltimore
1940—*Francis A. Bonner
Chicago
1941—Robert W. Baird
Milwaukee
1942—H. H. Dewar
San Antonio
1943—*Henry G. Riter, 3rd
New York City

1944—Ralph Chapman
Chicago
1945—Ralph E. Phillips
Los Angeles
1946—*William K. Barclay, Jr.
Philadelphia
1947—Herbert F. Boynton
New York City
1948—L. Raymond Billett
Chicago
1949—Clement A. Evans
Atlanta

1950—John J. Sullivan
Denver
1951—Howard E. Buhse
Chicago
1952—Clarence A. Bickel
Milwaukee
1953—Carl Stolle
New York City
1954—Edward C. George
Chicago

1955—Harold E. Wood
St. Paul
1956—Frank H. Hunter
Pittsburgh
1957—Frank L. Reissner
Indianapolis
1958—Charles L. Bergmann
New York City
1959—Alexander Yearley, IV
Atlanta
1960—Glenn E. Anderson
Raleigh

*Deceased

COMMITTEES OF THE BOARD

EXECUTIVE COMMITTEE

William H. Claffin, III—Chairman
Andrew M. Baird
Robert L. Cody
Robert E. Daffron, Jr.
Graham Jones
Edward H. Ladd 3d
Blancke Noyes
Avery Rockefeller, Jr.
Paul E. Youmans
Wallace H. Fulton

FINANCE COMMITTEE

Andrew M. Baird—Chairman
William H. Claffin, III
William S. Hughes
Blancke Noyes
Claude F. Turben
Samuel S. Whittemore
Wallace H. Fulton

BUSINESS CONDUCT COMMITTEE

Edward H. Ladd 3d—Chairman
Avery Rockefeller, Jr.—Vice-Chairman
John W. Bunn
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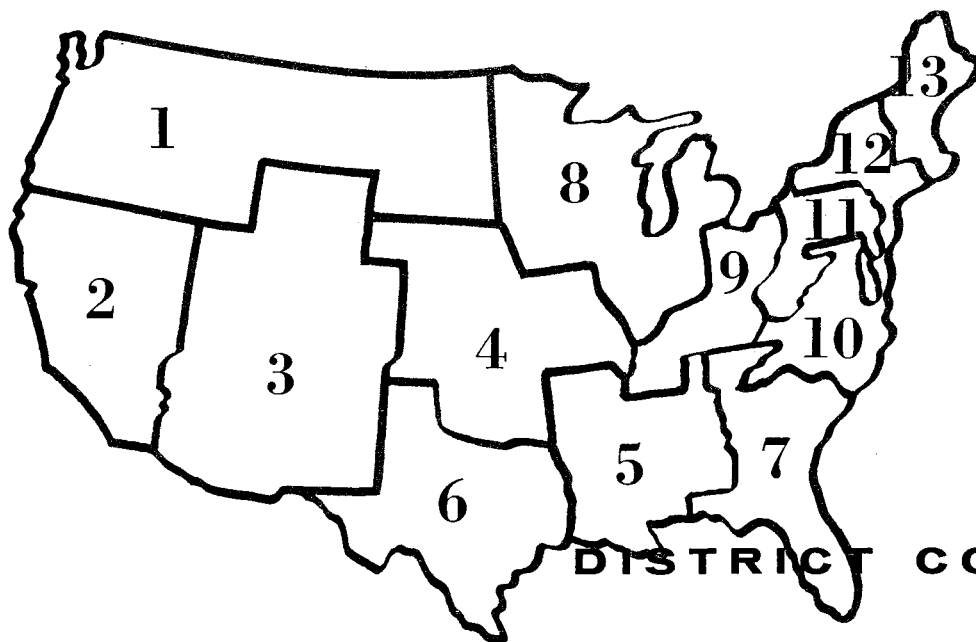
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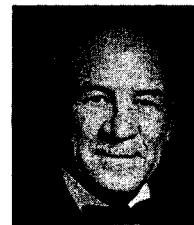
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Arthur W. Bertsch
Lewis R. Bulkley
R. Victor Mosley
Stanley M. Waldron



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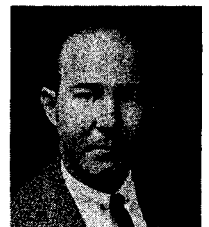
*William S. Clendenin
Secretary*

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*Creston A. King
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*William J. Radding, Jr.
Secretary*

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Julian W. Tindall J. W. Tindall & Co., Atlanta
*Bennett Whipple, Secretary,
Commerce Building, 34 Broad Street, N. W., Atlanta*



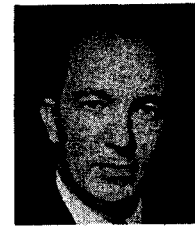
*Frank A. Chisholm
Chairman*



*Bennett Whipple
Secretary*

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Richard B. Walbert Blyth & Co., Inc., Chicago
*John F. Brady, Secretary,
Harris Bank Building, 111 W. Monroe Street, Chicago 3*



*A. Jackson Goodwin, Jr.
Chairman*



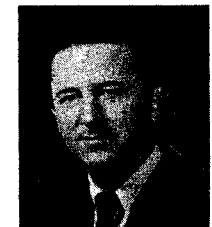
*John F. Brady
Secretary*

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9 John A. Kruse, Chairman Prescott & Co., Cleveland
John B. Greene, Vice-Chairman Greene & Ladd, Dayton
Charles F. Connors Pohl & Company, Inc., Cincinnati
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Leland A. Walters Vercoe & Company, Columbus
*Lee C. Monett, Secretary, The East Ohio Building,
1717 East Ninth Street, Cleveland 14*



*John A. Kruse
Chairman*



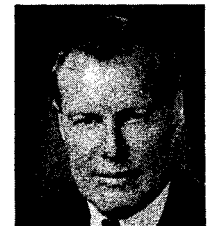
*Lee C. Monett
Secretary*

10 The District of Columbia and the States of Maryland, North Carolina and Virginia.

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Hibbs & Co., Inc., Washing-
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Eugene H. Cassell, Vice-Chairman C. F. Cassell & Co., Inc.,
Charlottesville
Henry C. Evans Stein Bros. & Boyce, Baltimore
Marshall H. Johnson McDaniel Lewis & Co., Greensboro
R. Eldridge Longest Scott & Stringfellow, Richmond
Harry L. McAllister R. S. Dickson & Company, Incorporated,
Charlotte
Bernard J. Nees Johnston, Lemon & Co., Washington
C. T. Williams, Jr. C. T. Williams & Company, Inc., Baltimore
Richard Peters, Secretary, 1710 H Street, N. W., Washington 6



*Robert W. Fleming
Chairman*



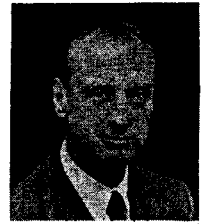
*Richard Peters
Secretary*

11 States of Delaware, Pennsylvania, West Virginia and, in the State of New Jersey, the Counties of Burlington and Ocean and the remainder of said State lying south of such Counties.

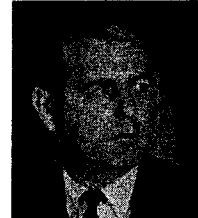
James C. Chaplin, III, Co-Chairman Chaplin, McGuiness & Co., Pittsburgh
 George E. Nehrbas, Co-Chairman Parrish & Co., Philadelphia
 Walter H. Babbitt W. H. Babbitt & Company, Incorporated, Pittsburgh
 Edward F. Beatty W. H. Newbold's Son & Co., Philadelphia
 Ernest M. Brown M. M. Freeman & Co., Inc., Philadelphia
 Harold F. Carter Hornblower & Weeks, Philadelphia
 J. Stanley Hope J. S. Hope & Co., Scranton
 Alfred Rauch Kidder, Peabody & Co., Philadelphia
 Ralph S. Richards, Jr. Richards & Company, Pittsburgh
 Harry B. Snyder Yarnall, Biddle & Co., Philadelphia
 Harry J. Steele H. J. Steele & Co., Pittsburgh
 Norman B. Ward, Jr. Norman Ward & Co., Pittsburgh
 Edward R. Gilleran, Secretary, 123 South Broad Street, Philadelphia 9



George E. Nehrbas
Co-Chairman



James C. Chaplin, III
Co-Chairman



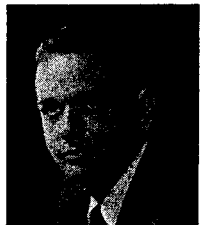
Edward R. Gilleran
Secretary

12 States of Connecticut, New York, and the State of New Jersey, the Counties of Mercer and Monmouth, and the remainder of said State lying north of such Counties.

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 George J. Bergen, Secretary, 25 Broad Street, New York 4



Thomas H. Choate
Chairman



George J. Bergen
Secretary

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 Francis C. Doyle, Secretary, 80 Federal Street, Boston 10



Frank H. Sellman
Chairman



Francis C. Doyle
Secretary

PURPOSES

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

(1) To promote through cooperative effort the investment banking and securities business, to standardize its principles and practices, to promote therein high standards of commercial honor, and to encourage and promote among members observance of Federal and State securities laws;

(2) To provide a medium through which its membership may be enabled to confer, consult, and cooperate with governmental and other agencies in the solution of problems affecting investors, the public, and the investment banking and securities business;

(3) To adopt, administer and enforce rules of fair practice and rules to prevent fraudulent and manipulative acts and practices, and in general to promote just and equitable principles of trade for the protection of investors;

(4) To promote self-discipline among members, and to investigate and adjust grievances between the public and members and between members.

(From the Certificate of Incorporation)

