

STATEMENT AS TO ORIGIN AND PURPOSE OF GOVERNMENT SECURITY DEALER GROUP  
BY CURRENT CHAIRMAN MR. J. S. BAKER OF HARRIMAN RIPLEY AND COMPANY, INC.

The Government Security Dealer Group consists of thirteen security houses and four banks in New York and Chicago who are actively engaged in business as dealers in United States Government securities.

Certain of these dealers met for the first time as a group at the request of the President of the Federal Reserve Bank of New York upon the outbreak of war in Europe. At the conclusion of the readjustment of the market to war conditions, the dealers met together and decided it would be in the best interests of the market to continue the closing of all trading at 4:00 o'clock Eastern Standard Time. Moreover, during these months in 1939, the value of meeting together had been demonstrated. Therefore, the dealers decided to continue this practice and gather together from time to time to discuss Government security market problems, and to take common action in connection therewith whenever advisable.

No by-laws or agreements were entered into in any way; but for the purpose of organization a Chairman was elected and subsequently various committees were appointed to study specific questions, and later an executive committee for the purpose of meeting more frequently than was convenient for all, was appointed.

The primary objective of the Group is to cooperate more closely and effectively with the United States Treasury and the Federal Reserve System in dealing with problems connected with Treasury finance and open market operations. Another objective is to provide machinery to establish policies designed to maintain broad and orderly markets in Government securities.

The members of the Group, in order to make effective its objectives, have, among other things:

- (1) Continued the 4:00 o'clock closing;
- (2) Postponed the opening of markets on new issues until the closing of the cash subscription books;
- (3) Broadened the market for Certificates of Indebtedness by trading on a yield rather than a price basis;
- (4) Cooperated in the wider distribution of Treasury Bills;
- (5) Changed the market practice of computing interest on United States Treasury Bonds to conform to Treasury method;
- (6) Joined with other important segments of the industry to form the National Committee of the Securities Industry for War Financing;

- (7) Furnished instructors for the Victory Fund Committee Groups, district leaders, captains, et al;
- (8) Been instrumental, with the American Bankers Association, in securing War Damage Corporation coverage on monies and securities;
- (9) Formed an Executive Committee to meet weekly with the Federal Reserve Bank of New York, to offer the officials of that institution market information, and in turn to receive from them suggestions for the Group.

Within this framework the dealers carry on their daily market activity and stand ready at all times to cooperate with the Treasury Department and the Federal Reserve System to secure as wide as possible distribution of Government securities outside the commercial banking structure, and to aid the war financing program in every other possible way.

(Signed) J. S. Baker

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