

When, on May 17, 1792, twenty-four brokers signed a formal agreement founding what is now the New York Stock Exchange, no one could have foreseen it was to become the market place for more than one quarter of our entire national wealth. The amazing growth and progress of the New York Stock Exchange stands as an enduring monument to the intelligence and efficiency of its administration. And this record of achievement must in large part be credited to the unselfish and unremitting effort engendered in its committee system.

In the early "call" market, a president and roll keeper were the only executives. During the period 1842-1856 the "President of the Board" presided at the calls and received a salary of \$2000 annually derived from fines and initiation fees which were the only sources of income. Beginning in that year the presidency was made "a position of honor" and the principle of annual dues was adopted. And, although the sources and amounts of revenue steadily grew, the principle of executive administration through men serving because of honor and prestige has remained to this day. Human nature being as it is, it is seriously doubted whether any amount of money could have purchased the time and energy devoted to the service of the Exchange by its officers. No finer example is afforded than the record of unselfish devotion to their duties of the ~~past~~ Presidents of the Exchange.

Such a heritage of sincere service and glorious tradition stands as a challenge to critics that must not be lightly thrust aside. This Committee has attempted to reappraise objectively the advantages and disadvantages of the present system in the light of past services and its adaptability to modern conditions. A logical inference from the resolution appointing our Committee makes this approach mandatory.

The public interest is the paramount issue. Therefore, the astonishing expansion of the business and the increasing demands of the public on the Exchange lead us to believe the membership would be more effectively served by making the presidency a salaried office and transferring greater administrative responsibility to career executives. Probably the only legitimate criticism of the Committee System in the Exchange has been its failure to develop a satisfactory staff of executive assistants. The records of the individual committees demonstrate that all too frequently the machinery of The Exchange has submerged the members of the Governing Committee in a sea of detail from which they are rarely able to emerge.

The character of the business has definitely changed and appears likely to continue its trend toward making the Exchange increasingly a public institution. Until comparatively recent times the business of the Exchange was handled directly by the members and their partners. In 1881 "branch houses" under the name and control of the parent firm were authorized to meet the needs of a growing business. When these branch offices, as they came to be called, steadily increased, and as the volume of business continued to grow, more and more employees were needed. Managers, clerks and telegraphers were simple divisions; and in the course of time bond salesmen, customers' men and traveling representatives evolved. The growth of the latter groups, whose main duties involved meeting the public, led for the first time to a definite need for supervision of personnel. The floor man of commission houses tended to become less important and the emphasis steadily shifted to the office management. Likewise, the trend on the floor is away from the individual operator toward the specialist and the odd lot dealer.

A careful study of the various groups making up the community reveals how essential it is in the public interest for the membership to be united. This Committee is opposed to any efforts to shift representation in the Governing Board in the interest of any special group. Nevertheless, the growing importance from a public viewpoint of making partners in member firms, actually as well as in theory, as responsible for their actions as members through a visible associate membership seems to us obligatory. That these associate members be eligible for election as officers, replacing the present governing members, would naturally follow.