In New York, members of District 12 Committee meet to consider complaints filed against NASD members.

In Cleveland, Justin J. Stevenson, Jr., addresses a meeting of members in District 9.

On the Cover:
Applicants take the new qualifying examination for registered representatives.
THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
REPORT TO MEMBERS 1961

CONTENTS

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Executive Office: 1707 H Street, N.W., Washington 6, D.C.
THE PURPOSES OF
THE NATIONAL ASSOCIATION
OF SECURITIES DEALERS

To 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
REPORT OF THE CHAIRMAN OF THE BOARD OF GOVERNORS

On the opposite page are the purposes of NASD, from its certificate of incorporation. During 1961, much was done to advance these purposes. We sought to promote the growth of our business. We encouraged fair practices, self-discipline, and high ethical standards among members. We cooperated with the Congress and the Securities and Exchange Commission.

I call the members’ attention to several of the more important actions taken during the year:

A special committee completed a study of the feasibility of an over-the-counter clearing house. Their findings have led to the formation of the O-T-C Clearing Corporation which will become operational for a limited number of securities in metropolitan New York later in 1962. The eventual expansion of clearing house operations throughout the nation will aid in promoting the growth of our business and, at the same time, simplify its operations.

Members have been advised that NASD will review compensation arrangements for the distribution of securities of unsuasoned companies.

NASD has completely revised the examination for new people entering the securities business. The new, more difficult examination requires study of the fundamentals of our business and knowledge of its operations. I feel sure that we have taken a substantial step forward in raising the level of training and sense of responsibility of people coming into all phases of the investment banking and securities business.

It was my privilege to offer testimony before the House Interstate Commerce Committee on legislation to authorize a study of securities markets and their regulatory agencies by the S.E.C. This study is now under way.

William L. Cary, Chairman of the S.E.C., has pointed out that if we are to avoid unduly restrictive regulation, we must share the responsibility for raising standards of ethical conduct among those in our business. We cannot fail to meet this challenge. We must encourage our ablest men to serve on NASD committees. It will be through their efforts that our effectiveness in self-regulation will be judged.

It has been rewarding to work with the many fine men in the securities business who give so generously of their time to serve on our District and National Committees. Equally rewarding has been the opportunity to work with the competent and diligent staff at NASD Executive and District Offices. Their training and competence are a proper tribute to the leadership of our Executive Director, Wallace H. Fulton, who has so wisely guided NASD since its inception.

It has been a great honor to serve as your Chairman.

William H. Claffin, III
Chairman
The activities of NASD during the past year reflect the conditions which prevailed in the securities markets during 1961. The growing number of investors and the increased amount of public financing resulted in expansion of the investment banking and securities business. NASD membership continued to rise. At year end, there were 4,750 members, an all-time high and a net increase of 234 over 1960. The number of registered representatives totaled 102,305, another high and a gain of 8,477 for the year. Growth in the membership and the number of registered representatives was paralleled by the expansion of NASD activities into new areas, as well as along established lines.

NASD must do more than keep abreast of the day-to-day operation of the securities business. We must also be sensitive to undesirable trends and their consequences. Only through awareness and study can we be prepared to take appropriate steps to protect the public interest while preserving an atmosphere which is free of unnecessary restrictions and which will promote the growth of our business.

Most of the actions covered in this report were the result of extensive studies—each undertaken with a long range point of view. We believe they will be regarded in the future as having contributed significantly to the sound and steady growth of the securities business.

**GROUNDWORK FOR CLEARING HOUSE STARTED**

Early in 1961, the Chairman of the Board of Governors appointed a special committee to study the feasibility of an over-the-counter clearing house which would provide central facilities where contracts of members could be verified, matched, and grouped to expedite the delivery, receipt, and settlement process of the over-the-counter market.

The special committee concluded that current volume over-the-counter, together with the growth which may be anticipated in the future, justified the establishment of a permanent clearing house. Accordingly, the Board authorized the special committee to proceed with the groundwork for such a facility.

The Board decided that the clearing corporation should be an entity separate from NASD, owned by the NASD members who participate in its facilities. At the same time, it was agreed that NASD should be represented on its Board of Directors. Funds sufficient to cover organizational costs of the clearing house are being advanced by NASD and will be repaid by the clearing corporation as soon as its own funds are available.

 Initially, the activities of the clearing house will be confined to transactions between clearing members in metropolitan New York for a selected group of securities. However, plans call for expansion of clearing facilities as rapidly as good judgment warrants to bring together the major trading communities located in the West, Midwest, and South. Ultimately,
it is expected that small as well as large dealers throughout the nation will be able to participate in the clearing facilities.

The National O-T-C Clearing Corporation is now effectively incorporated in the State of Delaware and bylaws have been drawn for the approval of participating members. Work is now in progress on matters of staff, location, rules, and procedures.

A clearing house means a significant reduction in the number of "fails" and elimination of the need to make and receive numerous deliveries of securities. Many transactions will be "washed" within the clearing operation, leaving only a fractional part of the current work in receiving and delivering securities.

The majority of members polled in New York have given assurance of financial support. It is reasonable to expect that The National O-T-C Clearing Corporation will become operational in metropolitan New York during 1962.

UNDERWRITING COMPENSATION TO BE REVIEWED

In December, the membership was advised that, in the future, the Board of Governors will review the offerings of issues of unseasoned companies. The review will determine whether arrangements covering compensation to the underwriters are fair and consistent with just and equitable principles of trade under Article III, Section I of the Rules of Fair Practice.

By this action, NASD activities have been extended into a new area. The decision to review was made after a study of prospectuses and offering circulars indicated that in some of these arrangements compensation received by underwriters was unfair and unreasonable. Responsibilities of underwriters extend beyond the successful distribution of securities. In arranging compensation for their services, underwriters must avoid over-reaching for unconscionable profits from the distribution of securities.

A special committee of the Board of Governors—the Committee on Underwriting Arrangements—has been appointed to review offerings and to furnish guidance to members and their counsel. In addition, the Committee will furnish guidance on that part of the Board's interpretation on free-riding and withholding covering sales to persons not normally considered public purchasers. All communications between members and the Committee on Underwriting Arrangements will be channeled through the Executive Office. We believe that the Committee's advice will prove helpful in establishing needed guidelines for the membership.

In connection with implementation of the free-riding and withholding interpretation, the Executive Committee of the Board authorized an investigation of the distribution of 66 "hot issues." A total of 3,191 questionnaires were completed by underwriters and selling group members. The questionnaires, which disclose the disposition of the issues, have been referred to the appropriate District Committees for determination of compliance with the interpretation.

NEW QUALIFYING EXAMINATION ADOPTED

Of particular significance for the future is the new, more difficult qualifying examination for registered representatives which was prepared during 1961 and became effective on January 2, 1962.

Work on the project was begun early in the year when the Board of Governors authorized The Psychological Corporation to consult with the Executive Office Staff for the preparation of a new examination—an examination which would require individuals entering the business as registered representatives to know the fundamentals of the business and to

During the past ten years, the number of registered representatives has increased 150 per cent.
understand the rules which govern it. Throughout the year, some 7,000 individuals participated in the experimental testing of more than 600 trial questions. The new test is a two hour examination consisting of 125 objective questions in each of three forms.

In conjunction with the examination, a study outline was developed. The study outline lists the specific topics covered in the examination and contains a section of reference materials. No longer may an applicant for registration simply memorize the answers to published questions in order to prepare for the examination. Study of the NASD Manual and other reference materials is required if the applicant is to master the broad list of topics included in the study outline. The Securities and Exchange Commission has agreed to accord confidential treatment to the questions and answers in the new examination forms. Consequently, they will not be published for study purposes.

During 1961, we also completed arrangements to have all examinations administered under controlled conditions at 63 examination centers throughout the nation. Examinations administered in foreign countries will be monitored by the United States Consular Service.

The establishment of a qualifying examination providing incentive for intensive study of our business on the part of those entering it, has been supported by the majority of the membership in all phases of our business. The examination will be taken by all new people who must be registered, whether they propose to work full time or part time, conduct a general securities business or specialize in a particular phase of it, or be traders or salesmen. We believe the new examination represents a major forward step in improving the training, sense of responsibility, and over-all ability of registered representatives.

Another phase of our efforts to upgrade the training of those who are preparing to enter the securities business is evident in our plans to cooperate with all organizations and institutions who wish to improve the quality and availability of educational courses and reference materials.

OVER-THE-COUNTER RESEARCH PROJECT APPROVED

In September, the Board of Governors engaged the Wharton School of the University of Pennsylvania to bring up-to-date the most important sections of its 1949-1952 study of the over-the-counter market. This study will not duplicate research being conducted by other groups in the securities business. Upon its completion, we will have at hand basic information about the size of the over-the-counter market.

STAFF EXPANDED

Administrative action taken during the year affirms NASD's plans to meet its responsibilities in the future, as well as for the present. Additional staff personnel were employed to assist the National Uniform Practice Committee and the National Quotations Committee in expanding their services to our business.

Fourteen new inspectors were added to the staff last summer. Their first assignment was attendance at a four-week training course conducted in Washington, D.C. by the Executive Office Staff. Later, they received additional training in the field working with experienced inspectors. By the end of the year, they were qualified to make inspections of members' books and records without assistance.

An independent review of internal procedures was conducted by Price Waterhouse & Co. Their findings and recommendations will help assure that NASD is working at maximum efficiency in its expanded activities.
COMPLAINT ACTIONS INCREASED

Inspections of 1,493 main offices and 470 branch offices were made during 1961, approximately the same number of inspections made during 1960. However, due to growth in membership, the percentage of members inspected was reduced to 31.4 per cent, which amounted to slightly less than our goal of inspection for one-third of the membership annually. The recently expanded inspection force should enable us to meet this goal in 1962.

Inspections and free-riding and withholding questionnaires resulted in 422 complaints filed, the largest number in our history for a twelve month period. In addition, there were 64 complaints filed under the Minor Violations Procedure. Detailed statistics of complaint proceedings will be found on page 8.

Analysis of mark-up practices made from 1961 inspection reports revealed that of 23,189 transactions computed—78.4 per cent were made at mark-ups under 5 per cent, while 40.9 per cent were made at mark-ups of 3 per cent or less. Mark-ups of 10 per cent or more involved 6.9 per cent of transactions. In many instances, these transactions were the cause of disciplinary action.

CHANGES IN BYLAWS UNDER STUDY

A review of the Bylaws, Rules of Fair Practice, interpretations, and resolutions is now being made in the Executive Office. As a result of this study, we hope to simplify and modernize various provisions in the light of experience and present conditions. A number of the proposed changes will require approval of the membership and a ballot may be expected during 1962.

COOPERATING WITH CONGRESS AND SEC

In June, 1961, the Commerce and Finance Subcommittee of the House Interstate Commerce Committee conducted hearings on a resolution calling for the Congress to appropriate $750,000 to finance a study of securities markets. NASD took the position that since the laws and regulations governing the business had not been studied for more than 25 years, we would support an objective appraisal of them. Congress approved the resolution in September. The study is now under way, and we are giving it our full cooperation.

Over the past year and a half, a completely new group of men has been appointed to the Securities and Exchange Commission. During the past year, we have had frequent meetings with members of the Commission and their staff. Problems of the securities business have been discussed in an atmosphere which is cordial and conducive to working out appropriate solutions.

Finally, I commend the members of the staff. During the past year, they have been placed under constant pressure to accomplish more and more. They have consistently endeavored to advance the interests of NASD members and the public. Through their efforts, much was achieved in 1961.

Wallace H. Fulton
Executive Director
REPTS OF COMMITTEES OF THE
BOARD OF GOVERNORS

NATIONAL BUSINESS CONDUCT COMMITTEE

The National Business Conduct Committee, composed of members of the Board of Governors, reviews all disciplinary actions taken by each of the 13 District Business Conduct Committees. When it appears that a District Committee decision or penalty is not in accord with Board policy, the National Business Conduct Committee is authorized to call the case up for review by the Board. In addition, the National Business Conduct Committee deals with all appeals to the Board from actions by the several District Business Conduct Committees.

Disciplinary actions are considered at the outset by the District Business Conduct Committees. They receive complaints from the public or initiate complaints when it appears that members have violated NASD Rules of Fair Practice and interpretations, or Securities and Exchange Commission regulations. When cases are appealed or called for review, the National Business Conduct Committee holds hearings and drafts recommendations to the Board. At a meeting of the Board, the Committee presents facts and arguments for the full Board’s final decision.

Decisions of the Board may be appealed to the Securities and Exchange Commission and then to the courts. During 1961, eighty-four cases were appealed or called up for review by the Board. The SEC decided six of the NASD cases, upholding the Association’s actions in each instance.

In the disciplinary field, the Committee was concerned about the increasing number of attempts by registered representatives to by-pass the Board’s interpretation on free-riding and withholding by deceiving their employers.

COMPLAINT PROCEEDINGS AND DECISIONS—JANUARY 1, 1961—DECEMBER 31, 1961

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<td>50</td>
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<td>13</td>
<td>23</td>
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<tr>
<td>Total</td>
<td>245</td>
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</table>

M—Member
RR—Registered Representative

a—includes 64 Minor Violation Complaints
b—includes 28 Minor Violation Complaints
c—includes 36 Minor Violation Complaints
NATIONAL UNIFORM PRACTICE COMMITTEE

The National Uniform Practice Committee coordinates custom, practice, usage, and trading of the NASD membership in its day-to-day securities transactions. The Committee gives virtually daily rulings in accordance with 61 sections of the Uniform Practice Code, which governs the dealings of securities firms with each other, as opposed to their transactions with the public.

The Committee frequently assists in the settlement of trade disagreements between members, through arbitration. In addition, the Committee supervises the “buy-in” and “sell-out” procedures and trading in rights and warrants. A special memorandum was added to the Uniform Practice Code in 1961 to clarify the proper procedure to be followed by purchasers when “buying-in” after a seller has failed to complete a transaction.

Six formal announcements issued in 1961 pertained to the manner of trading warrants attached to securities initially offered to the public.

The Committee is particularly concerned about continuing widespread failure by members to check confirmations and exchange comparisons at time of the sale in accordance with Section 9 of the Uniform Practice Code.

INVESTMENT COMPANIES COMMITTEE

The Investment Companies Committee studies trends in distribution of shares of investment companies and when indicated recommends corrective action to the Board of Governors. The Committee also supervises the work of the Investment Companies Department in its continuing review of sales literature under standards established by the Securities and Exchange Commission’s Statement of Policy.

During 1961, the Committee continued its study of reciprocal business and distribution problems and sent recommendations to the Board designed to curtail unethical reciprocal brokerage business as a reward for sale of shares or as an inducement to increase sale of shares. The Board has adopted these proposals, and they are now pending before the SEC, which is making its own study of this problem. The Board also has adopted an interpretation prohibiting members or salesmen from accepting compensation in the form of shares of management stock in addition to the normal sales charge.

The Committee is concerned about the growing use of arrangements for the purchase of mutual fund shares which are later pledged as collateral for loans to pay life insurance premiums.

More investment company literature was reviewed by the Investment Companies Department during 1961 than in any prior year. Approximately 4,600 of the 10,400 units of literature filed required comment. In all, more than 76,700 units of literature have been filed since the review program began in 1950.

NATIONAL QUOTATIONS COMMITTEE

The National Quotations Committee promotes publication of quotations on securities traded over-the-counter on the widest possible scale and under NASD sponsorship. According to current estimates, quotations on about 3,000 over-the-counter issues are published regularly in more than 350 newspapers throughout the country.

A survey of newspaper quotations made in 1960 disclosed that quotations were appearing under individual dealer sponsorship in 75 cities. The Committee has been concerned about the unfair competitive advantage
which accrues to a firm which has exclusive control over quotations published in a newspaper. A major objective in 1961 was the elimination of dealer by-lines in favor of NASD supervision through local quotations committees. By year end, only 27 cities had dealer by-lines.

The responsibility of the Committee also entails supervision of the compilation and publication of quotations in the daily National List and National and Regional Weekly Lists. On December 31, the daily National List was composed of 864 issues, including 458 industrials and utilities, and 193 investment companies.

During 1961, the standard requiring quoted companies to furnish annual reports to stockholders has received particular attention. A survey is now being made to determine the reporting practices of companies quoted nationally and regionally to determine whether more frequent reporting to stockholders should be required.

At year end, arrangements were completed to start releasing quotations for the daily National List and the daily Eastern Regional List twice a day instead of once a day, starting on January 2, 1962.

FOREIGN SECURITIES COMMITTEE

The Foreign Securities Committee is made up of specialists who consider problems arising out of the trading technique and validation of foreign corporate and government securities. Its work includes the development of equitable and uniform trade practices for foreign securities and is similar to the work of the National Uniform Practice Committee for domestic over-the-counter trading.

During 1961, several meetings took place to consider the issue of Japanese American Depositary Receipts—(ADRs). The Committee met with representatives of the Japanese Government, Japanese broker-dealers, and the depositary banks that issue ADRs, and with representatives of the Securities and Exchange Commission.

At a meeting in Washington, in October, the Committee chairman advised the SEC staff that the Committee was seriously concerned that public investors would not be sufficiently informed as to the currency and other restrictions of the Japanese Government. It was urged that the SEC not permit trading in ADRs for Japanese securities until more meaningful forms of disclosure could be worked out. Since then, none of these registrations have become effective.

INSURANCE TRUSTEES

The NASD Group Life Insurance Plan grew substantially in 1961. The amount of insurance in force reached $107 million, covering 9,728 individuals in 972 firms. The average number of individual lives covered has reached 10 for each participating firm, creating an improved spread of risk.

The NASD Comprehensive Major Medical Plan added 114 firms during the year, bringing the total number of participating firms to 493—a 39 per cent increase in the number of employees and dependents covered.

OTHER COMMITTEES

The Legislation Committee studies and advises the Board of Governors on changes in laws pending before the Congress which may have a bearing upon the securities business. The Trading Committee is an advisory Committee to which problems of over-the-counter trading are referred. The Information Committee supervises the publication of the NASD News.
THE NASD AT WORK

In New York, Joseph P. Lieb computes net capital after an inspection at a member's office, and Theodore T. Wdowiak calls a member for information to complete an inspection report.

Helen Bailey scores answer sheets of the qualifying examination for registered representatives on an IBM 805 electronic scoring machine. During 1961, 39,790 answer sheets were scored at the Executive Office.

Ruth Silvey, Bessie Turner, and Barbara Campbell file records of inspection reports and complaint proceedings. During the year, 1963 main and branch offices were inspected and 422 complaints were filed.

Fenton P. Cogar and William L. Lanford prepare a report of underwriting compensation for securities offerings of unaccredited companies.
Elizabeth M. King supervises Lois Galloway, Allene Van Horn, and Kay Testi in the preparation of member firms' life and medical insurance records. At year end, 1,133 member firms were participating in the NASD group insurance plan with coverage amounting to more than $107 million.

Mildred Clark operates the Addressograph for mailing to member firms and branch offices. Elizabeth Youngblood runs an announcement to members on the Multilith press.

Jacqueline Allen files a card listing employees of a member firm. Thomas P. Snelson, supervisor of the Membership Department, reads a microfilmed record of an application for registration.

Edna Allman, Gertrude Baumgardt, Ralph T. Goetz, and Bernice France at work in the Membership Department where individual histories of all registered representatives are maintained.
FINANCIAL STATEMENT

Year ended September 30, 1961 | 1960
--- | ---
**Income:**
Assessments | $ 964,020 | $ 954,353
Registered representatives' fees:
Applications | 411,980 | 379,280
Examinations | 292,200 | 277,990
Branch office fees | 54,503 | 50,209
Admission fees and other income | 54,780 | 54,320
Fines and costs | 86,316 | 112,045
Interest | 33,367 | 45,969
**Total Income** | 1,897,116 | 1,874,166

**Expenses:**
Salaries and office services:
National office and committees | 367,435 | 327,112
District offices | 464,409 | 430,087
Travel and meetings—Board of Governors, District Committees and other, except for staff investigators | 158,418 | 139,078
Publications, printing and stationery, net | 124,782 | 122,288
Postage | 44,395 | 33,504
Travel of staff investigators, transcripts and miscellaneous expenses of investigations and complaints | 100,721 | 109,616
Fees—legal, administration of qualification examinations, completion of quotations and other (including $25,000 in 1961 for revision of registered representatives' examinations) | 166,879 | 131,570
Rent | 126,003 | 108,464
Furniture and equipment | 39,913 | 91,212
Office and miscellaneous | 66,678 | 67,360
Insurance and taxes | 54,522 | 42,542
Retirement (including $65,217 in 1961 for providing increased benefits based upon past service) | 99,145 | 29,727
**Total Expenses** | 1,828,300 | 1,632,560
Excess of income over expenses | 68,816 | 241,606
Accumulated balance:
Beginning of year | 1,117,258 | 875,652
End of year, of which $38,532 in 1961 and $36,765 in 1960 is restricted | 1,201,074 | 1,117,258

*Minor restatements made for comparative purposes.

**Composition of Accumulated Balance**

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<tr>
<th>September 30, 1961</th>
<th>1960</th>
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<td>Cash</td>
<td>$ 245,263</td>
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<tr>
<td>U. S. Government securities at cost (approximate market)</td>
<td>984,672</td>
</tr>
<tr>
<td>Special investment account (marketable securities at cost, cash and accrued interest)</td>
<td>38,532</td>
</tr>
<tr>
<td>Other assets</td>
<td>26,298</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(71,246)</td>
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<tr>
<td>Accrued and withheld taxes</td>
<td>(19,339)</td>
</tr>
<tr>
<td>Assessments collected in advance</td>
<td>(3,106)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,201,074</td>
</tr>
</tbody>
</table>

National Association of Securities Dealers, Inc.
1707 H Street, N. W.
Washington 6, D. C.
November 27, 1961

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, 1961 and September 30, 1960 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 1961-1962 AND BOARD

SERVED UNTIL JANUARY 1962

William H. Claflin, III
Chairman, 1961
Tucker, Anthony & R. I. Day
Boston

Robert L. Cody
Vice-Chairman, 1961
North American Securities Company
San Francisco

Graham Jones
Vice-Chairman, 1961
Cooley & Company
Hartford

Blanche Noyes
Treasurer, 1961
Hempill, Noyes & Co.
New York

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

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

Samuel S. Whittemore
Pacific Northwest Company
Spokane

Avery Rockefeller, Jr.
Chairman, 1963
Dominick & Dominick
New York

Edward H. Ladd 3d
Vice-Chairman, 1962
The First Boston Corporation
New York

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

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

Gus G. Halliburton
Equitable Securities Corporation
Nashville

William S. Hughes
Wagenneller & Dornel, Inc.
Los Angeles

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

TO SERVE UNTIL JANUARY 1963
OF GOVERNORS

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

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

Robert W. Fleming  
Folger, Nelan, Pierson &  
W. B. Hille & Co., Inc.  
Washington

Earl C. Fridley  
Fridley & Frederick  
Houston

A. Jackson Goodwin, Jr.  
Lee Huggins Corporation  
Chicago

Hudson B. Lemkan  
Morgan Stanley & Co.  
New York

Merrl McHenry  
J. Barth & Co.  
San Francisco

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

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

Robert W. Hamilton  
Robert W. Bard  
& Co., Incorporated  
Milwaukee

Robert W. Millar  
Hornblower & Weeks  
Los Angeles

George P. Patton, Jr.  
George Patton  
Investment Co.  
Portland, Oregon

Craig Stowell  
P. Driscoll & Co.  
New York

Justin J. Slayton, Jr.  
W. H. Paton & Co.  
Cincinnati

TO SERVE UNTIL  
JANUARY 1964

TO SERVE UNTIL  
JANUARY 1965
COMMITTEES OF THE BOARD
OF GOVERNORS—1961

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

FINANCE COMMITTEE
Andrew M. Baird, Chairman
William H. Claflin, III
William S. Hughes
Blanche 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
Merrill M. Cohen
Robert W. Fleming
Earl G. Fridley
A. Jackson Goodwin, Jr.
Hudson B. Lemkau
Merl McHenry

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

UNIFORM PRACTICE COMMITTEE
Henry H. Badenberger, Chairman
Thomas B. MacDonald, Vice-Chairman
Edward J. Armstrong
George J. Denzer
Guenther M. Philipp
Ralph W. Welsh

INFORMATION COMMITTEE
Claude F. Turben, Chairman
A. Jackson Goodwin, Jr.
Edward S. Lewis, Jr.
Wallace H. Fulton

FOREIGN SECURITIES COMMITTEE
Henri L. Froy, Chairman
John A. Nevins, Vice-Chairman
Hans Ben
Jack M. Bloch
John Fountain
Derek Grewecock
Max Halpert
Edwin C. Marks

INVESTMENT COMPANIES
STEERING COMMITTEE
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Robert L. Cody
Avery Rockefeller, Jr.,

INVESTMENT COMPANIES COMMITTEE
Franklin R. Johnson, Chairman
Robert L. Cody
John R. Haire
Arthur H. Haussermann
Rowland A. Robbins
Henry J. Simonson, Jr.
Joseph E. Welch

LEGISLATION COMMITTEE
Samuel S. Whittemore, Chairman
Robert E. Daffron, Jr.
J. Robert Neal

TRADING COMMITTEE
H. Neill Brady, Chairman
Arthur W. Bertsch
Lewis R. Bulkley
R. Victor Mosley
Stanley M. Waldron
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
Jack A. Schindel, Comptroller
Ray Moulden, Secretary, Investment Companies Committee
Charles Mundt, Assistant Secretary
M. T. Norman, Assistant Secretary
John H. Hodges, Jr., Special Assistant to Executive Director
and Secretary, National Quotations Committee
Joseph J. McGowan, Assistant Secretary*
Howard Emen, Secretary, National Uniform Practice Committee*
Thomas P. Snelson, Supervisor, Membership Department
William Lanford, Compliance Department
Fred G. O'Fleas, Office Manager

* Stationed in New York office.

Total Executive Office personnel, including inspectors, clerical
and Insurance Trust Unit 72 (7 in
New
York)

DISTRICT OFFICES

District 1
Seattle
Eugene R. Gibson, Secretary

District 2
San Francisco
George J. Durfee, Jr., Co-Secretary

District 3
Los Angeles
James H. Resh, Co-Secretary

Denver
Kenneth W. Cole, Secretary

District 4
Kansas City
William S. Clendenin, 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
Edward R. Gilleran, Secretary

District 12
New York
George J. Bergen, Secretary
John J. Kelly, Counsel
Louis Korahais, Assistant Counsel
Herbert S. Sheidy, Assistant Secretary
Edward Craig Dearborn, Chief Inspector
Theodore Schmidt, Chief Inspector

District 13
Boston
Francis C. Doyle, Secretary

Total District personnel including inspectors and clerical employees 63

Total NASD Staff 135
ALASKA, IDAHO, MONTANA, NORTH DAKOTA, OREGON, SOUTH DAKOTA AND WASHINGTON

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Chairman  
Harris Upham & Co.  
Spokane

William T. Patten, Jr.  
Vice-Chairman  
Blyth & Co., Inc.  
Seattle

Robert H. Atkinson  
Atkinson and Company  
Portland

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

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

John A. Fagerstedt  
Paine-Rice & Company  
Spokane

George F. Patten, Jr.  
George Patten  
Investment Co.  
Portland

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

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Chairman  
Davis, Skaggs & Co.  
San Francisco

Francis S. McComb  
Co-Chairman  
Wagenseller & Durat, Inc.  
Los Angeles

Richard W. Abrahamson  
Weeden & Co.  
San Francisco

Frank Bowyer  
Schwabacher & Co.  
San Francisco

A. B. Fox  
Stern, Frank, Meyer & Fox  
Los Angeles

Robert C. Hill  
Hill, Richards & Co.  
Los Angeles

Arthur N. Honig  
Brush, Slocumb & Co., Inc.  
San Francisco

William R. MacCormack  
Evans MacCormack & Co.  
Los Angeles

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

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

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

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

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

James H. Resh  
Co-Secretary  
210 West 7th Street  
Los Angeles
ARIZONA, COLORADO, NEW MEXICO, UTAH AND WYOMING

Gerald P. Peters, Jr.  
Chairman  
Peters, Writer  
& Christensen, Inc.  
Denver  

Waylorm A. Johnson  
Vice-Chairman  
Merrill Lynch, Pierce, Fenner & Smith, Inc.  
Denver  

Edward F. Altman  
Stone, Altman & Company, Inc.  
Denver  

Harry T. Buchenau  
Bosworth, Sullivan & Company, Incorporated  
Denver  

Walter J. Coughlin  
Coughlin and Company, Inc.  
Denver  

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

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

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

Malcolm F. Roberts  
Hornblower & Weeks  
Denver  

Kenneth W. Cole  
Secretary  
Boston Building  
Denver  

KANSAS, MISSOURI, NEBRASKA AND OKLAHOMA

Dumont G. Dempsey  
Chairman  
Newhard, Cook & Co.  
St. Louis  

T. Bates Huffaker  
Vice-Chairman  
Merrill Lynch, Pierce, Fenner & Smith, Inc.  
Kansas City  

Don Adkison  
Bache & Co.  
Tulsa  

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

Clay E. Coburn  
Stern Brothers & Co.  
Kansas City  

Walter I. Cole  
Beecroft, Cole & Company  
Topeka  

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

Elliot H. Stein  
Scherck, Richter Company, Inc.  
St. Louis  

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

William S. Clendenin  
Secretary  
Waldheim Building  
6 East 11th Street  
Kansas City  

ALABAMA, ARKANSAS, LOUISIANA, MISSISSIPPI AND IN TENNESSEE

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

G. Shelby Friedrichs  
Chairman  
Howard, Weil, Laboulisse, Friedrichs and Company  
New Orleans  

T. Clyde Ulmer  
Vice-Chairman  
Courts & Co.  
Birmingham  

Harry D. Allen  
Merrill Lynch, Pierce, Fenner & Smith, Inc.  
Memphis  

C. Homer Kees  
Ducournau & Kees  
New Orleans  

Louis A. Lanford  
Hill, Crawford & Lanford, Inc.  
Little Rock  

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

Edward J. Newton  
Secretary  
Richards Building  
New Orleans  

TEXAS

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Chairman  
A. G. Edwards & Sons  
Houston  

Albert E. Bornet, Jr.  
Schneider, Bornet  
& Hickman, Inc.  
Dallas  

C. Pharr Duson  
Rotan, Mosle & Co.  
Houston  

Richard King, III  
King, Nelson & Calvert, Inc.  
 Corpus Christi  

Frank R. Newton, Jr.  
Lentz, Newton & Co.  
San Antonio  

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

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

William J. Radding, Jr.  
Secretary  
Southland Center  
Dallas
FLORIDA, GEORGIA, SOUTH CAROLINA AND IN TENNESSEE, Robertson, Cheatham, Williamson, Maury and Giles Counties and the remainder of the State east of them

Clinton T. McCreedy
Chairman
R. S. Dickson & Co., Inc.
Miami

H. George Garrison
The Pierce, Garrison,
Wuilen Corp.
Jacksonville

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

Roy F. Hunt, Jr.
Vice-Chairman
Alesker G. Furman
Co., Incorporated
Greenville

Matthew B. Pilcher
Mid-South Securities Co.
Nashville

Bennett Whipple
Secretary

J. W. Tindall
Atlanta

ILLINOIS, INDIANA, IOWA, MICHIGAN
MINNESOTA AND WISCONSIN

Richard B. Walbert
Chairman
Blyth & Co., Inc.
Chicago

Gordon Bent
Bacon, Whipple & Co.
Chicago

A. Paul Ogilvie
Hornblower & Weeks
Chicago

Harry B. Graefe
Vice-Chairman
First of Iowa Corporation
Des Moines

Robert Z. Bronn
Kalmor & Company, Inc.
St. Paul

Robert A. Podesta
Crutenden, Podesta & Co.
Chicago

Robert W. Haack
Vice-Chairman
Robert W. Baird & Co.
Milwaukee

Robert M. Clark
Bunt Ellis & Simmons
Chicago

Richard J. Swiat
Olmstead & Mulholl, Inc.
Kalamazoo

Walter E. Auch
Bache & Co.
Detroit

Julian A. Kiser
Kiser, Cohn
& Shumaker, Inc.
Indianapolis

William L. Liberman
Loewi & Co., Incorporated
Milwaukee

A. Paul Ogilvie
Hornblower & Weeks
Chicago

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

Charles F. Conners
Pohl & Company, Inc.
Cincinnati

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

Harvey L. Hawkins
Vice-Chairman
Hawkins & Co.
Cleveland

Watson B. Dabney
J. J. B. Hilliard & Son
Louisville

Leland A. Walters
Vercoe & Company
Columbus

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

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

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

Thomas L. Anglin
Mackall & Coe
Washington

Leslie B. Schwinn
L. B. Schwinn & Co.
Cleveland

DISTRICT OF COLUMBIA, MARYLAND
NORTH CAROLINA AND VIRGINIA

Eugene H. Cassell
Chairman
C. F. Cassell & Co., Inc.
Charlottesville

Eugene H. Cassell
Chairman

C. F. Cassell & Co., Inc.
Charlottesville

Robert King, Jr.
First Securities
Corporation
Durham

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

Bernard J. Nees
Vice-Chairman
Johnston, Lemon & Co.
Washington

R. Eldridge Longest
Scott & Stringfellow
Richmond

C. T. Williams, Jr.

R. S. Dickson & Company, Inc.
Baltimore

Thomas L. Anglin
Mackall & Coe
Washington

Richard Peters
Secretary

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

Harold F. Carter
Co-Chairman
Hornblower & Weeks
Philadelphia

Ralph S. Richards, Jr.
Co-Chairman
Richards & Company
Pittsburgh

Walter H. Babbitt
W. H. Babbitt & Co., Incorporated
Pittsburgh

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

Ernest M. Brown
M. M. Freeman & Co., Inc.
Philadelphia

David A. Burt
Hazlett, Burt & Watson
Wheeling

William Gerstley, II
Gerstley, Sunstein & Co.
Philadelphia

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

David W. Hunter
McKelvy & Company
Pittsburgh

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

Harry B. Snyder
Yarnall, Biddle & Co.
Philadelphia

Norman B. Ward, Jr.
Norman Ward & Co.
Pittsburgh

Edward R. Gilleran
Secretary
128 South Broad Street
Philadelphia

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Chairman
F. Eberstadt & Co.
New York

Gustave A. Alexisson
Vice-Chairman
Walston & Co., Inc.
New York

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

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

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

George T. Flynn
Hornblower & Weeks
New York

H. Theodore Freeland
American Securities Corporation
New York

Robert M. Gardiner
Reynolds & Co.
New York

Herbert A. Goldstone
Wertheim & Co.
New York

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

Daniel V. McNamee, Jr.
First Albany Corporation
Albany

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

Homer J. O’Connell
Blair & Co., Incorporated
New York

Jonas H. Ottens
Salomon Brothers
& Hutler
New York

Robert A. Powers
Smith, Barney & Co.
New York

Alfred J. Ross
Dick & Merle-Smith
New York

Leslie B. Swan
Chas. W. Scranton & Co.
New Haven

Warren K. Van Hise
Parker and Weissenborn
Incorporated
Newark

George J. Bergen
Secretary
25 Broad Street
New York

MAINE, MASSACHUSETTS, NEW HAMPSHIRE, RHODE ISLAND AND VERMONT

Carlisle F. Morrison
Chairman
H. P. Wood Company, Inc.
Boston

Carleton H. Simmons
Vice-Chairman
Hayden, Stone & Co.
Boston

Clifford B. Barrus, Jr.
Barrett & Company
Providence

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

Walter T. Burns
Burns, Barron & Co.
Portland

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

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

Thomas Whiteside
Chace, Whiteside & Winslow, Inc.
Boston

Roger B. Whitman
F. S. Moseley & Co.
Boston

Francis C. Doyle
Secretary
80 Federal Street
Boston