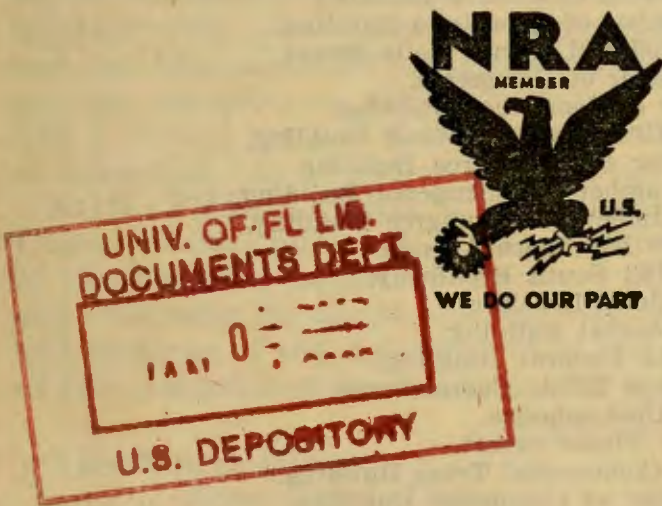


NATIONAL RECOVERY ADMINISTRATION

CODE OF FAIR COMPETITION
FOR THE
STOCK EXCHANGE FIRMS

AS APPROVED ON NOVEMBER 4, 1933

BY
PRESIDENT ROOSEVELT



1. Executive Order
2. Letter of Transmittal
3. Code

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(II)



EXECUTIVE ORDER

CODE OF FAIR COMPETITION FOR STOCK EXCHANGE FIRMS

An application having been duly made, pursuant to and in full compliance with the provisions of title I of the National Industrial Recovery Act, approved June 16, 1933, for my approval of a Code of Fair Competition for Stock Exchange Firms, and hearings having been held thereon and the Administrator having rendered his report containing an analysis of the said code of fair competition, together with his recommendations and findings with respect thereto, and the Administrator having found that the said code of fair competition complies in all respects with the pertinent provisions of title I of said act and that the requirements of clauses (1) and (2) of subsection (a) of section 3 of said act have been met:

NOW, THEREFORE, I, Franklin D. Roosevelt, President of the United States, pursuant to the authority vested in me by title I of the National Industrial Recovery Act, approved June 16, 1933, and otherwise do adopt and approve the report, recommendations, and findings of the Administrator, and do order that the said code of fair competition be, and is hereby approved.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
November 4, 1933.

Approval recommended:

HUGH S. JOHNSON,
Administrator.

(III)

NOVEMBER 3, 1933.

The PRESIDENT,
The White House.

SIR: I beg to transmit herewith the report of the Hearing on the Code of Fair Competition for Stock Exchange Firms conducted in the Auditorium, United States Chamber of Commerce Building, on October 17, 1933, in accordance with the provisions of the National Industrial Recovery Act. The application for this Code was presented by the Association of Stock Exchange Firms (New York) on behalf of its members and on behalf of similar associations of members of stock exchanges and members of stock exchanges throughout the country. The applicant thus represents approximately 98 $\frac{3}{4}$ % of the recorded transactions in listed securities on all the important Exchanges in the first eight months of this year.

The Hearing brought out a remarkable comparison of employment and wages as of a recent date with like figures during 1929. Current surveys of representative firms in New York and Chicago revealed that on August 1, 1933, the number of employees of such firms in New York was 99% of March 1, 1929, and in Chicago such number was 4.3% greater than on August 1, 1929. Wages of employees of the same firms in New York was 85% of the annual wages paid for 1929, whereas in Chicago the average weekly pay per employee for three months prior to August 1, 1933, was 66.2% of the average weekly pay for the three months prior to March 1, 1929.

Firms in New York and outside of New York reporting to the Code Committee showed that 95% of the employees of the former and 93% of the latter are paid more than the minimum rate and more than 32% in both instances are paid over \$35.00 per week. The average weekly sales volume on the New York Stock Exchange for the first eight months of this year was 67.5% of the average weekly volume for the year 1929, whereas on the Chicago Stock Exchange volume of business for the first nine months of 1933 was approximately 72 $\frac{1}{2}$ % of the like period of 1929. It would thus seem that Stock Exchange firms continue to employ about the same number of persons as they did when the volume of their business was much greater and that they have not discharged their employees proportionately with the decline of their business. It is necessary that firms employ complete technically trained staffs at all times in order to handle the unpredictable fluctuations in volume. The result is that at times they are overmanned and at other periods must work their staffs overtime. Provision in the Code is made for overtime remuneration. Moreover, in this respect it is common knowledge that Stock Exchange firms are exceptionally generous in bonus distributions to employees during active markets.

The Code does not contain provisions covering Fair Practices, although the Division Administrator urged upon the Committee the inclusion of provisions intended to regulate and coordinate methods and practices on all stock exchanges. Detailed reasons for such omission were subsequently embodied in a letter from Counsel for

the applicant and included in this record. In substance, these reasons are: existing "fair practice" rules and regulations of the several stock exchanges; the time required to reconcile differences and promulgate a uniform system for dissimilar situations; obligations under a Code would have to be consistent with obligations of memberships in the several exchanges; limitation under a Code of the authority of the several Governing bodies to modify their respective practices as required by experience and ever-changing conditions; and the lack of power of, and the extended time required for, the Code Committee to negotiate fair-practice provisions for the entire business throughout the United States. It is conceded that there is substantial ground upon which these objections are based. In principle, fundamental changes affecting the welfare of many should be carefully considered. This opportunity the President and the Administrator hold under the Code.

There were no objectors to the Code from the business and but one from the public, this relating to curb trades in an unlisted security. The protest was immediately filed by the Administrator with the Code Committee.

The Code has been accepted by the Association of Stock Exchange Firms and has received the approval of the several Advisory Boards of the National Recovery Administration.

I find that the Code complies with the pertinent provisions of clauses (1) and (2), subsection (a) of Section 3 of the National Industrial Recovery Act. I recommend, therefore, that you approve the Code of Fair Competition for Stock Exchange Firms as submitted herewith.

Respectfully,

HUGH S. JOHNSON,
Administrator.

CODE OF FAIR COMPETITION FOR STOCK EXCHANGE FIRMS

This Code is adopted pursuant to Title I of the National Industrial Recovery Act to endeavor to effectuate the policy therein enumerated in so far as applicable.

ARTICLE I—DEFINITIONS

Whenever used in this Code or in any schedule annexed hereto the terms hereinafter in this Article I shall, unless the context shall otherwise clearly indicate, have the respective meanings hereinafter in this Article set forth.

(a) The term "Code" as used herein means and includes this Code and all schedules annexed hereto as originally approved by the President and all amendments hereof and thereof made as hereinafter provided.

(b) The term "employer" as used herein means and includes, but without limitation, every individual, partnership, firm, association, corporation, or other entity, that is (1) a member of any regularly organized stock exchange or has the privilege of any such exchange for itself or any of its partners or executive officers, and is also (2) regularly engaged as its major business in the buying, selling, trading in or otherwise dealing in stocks, bonds, or other securities, and/or commodities; provided, however, that no one whose business shall consist of dealing only in commodities shall be included in such definition and further provided that a member of any commodity exchange who is included in this definition shall be bound by all provisions of any Code of Fair Competition applicable to members of Commodity Exchanges with the exception of the labor provision thereof, in which latter respect the labor provisions of this Code shall be effective.

(c) The term "employee" as used herein shall apply to every person employed by an employer as herein defined.

(d) The term "effective date" means and includes the date on which provisions of this Code become effective and will be the second Monday after this Code is approved by the President.

(e) The term "Administrator" as used herein shall mean the Administrator appointed by the President under the National Industrial Recovery Act.

(f) The term "President" means the President of the United States of America.

ARTICLE II—LABOR PROVISIONS

1. (a) Employees shall have the right to organize and bargain collectively through representatives of their own choosing and shall be free from the interference, restraint, or coercion of employers of

labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purposes of collective bargaining or other mutual aid or protection;

(b) No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and

(c) Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

2. No person under sixteen years of age shall be employed by any employer; provided, however, where a State law requires higher minimum age, no person below the age so specified shall be employed within that State.

3. (a) No employer shall employ any person for more than 40 hours in any one week, provided, however, that in order to meet contingencies which cannot be anticipated and over which the employers have no control, and in order to consummate contracts for the sale and purchase of securities, or commodities which require daily clearance, the said hours of employment may be increased to meet such contingencies, but in no event shall such employees work more than a total of 44 hours per week averaged over a period of four (4) months without the payment of overtime;

(b) The maximum hours fixed in the foregoing paragraph (a) shall not apply (1) to guards and watchman employed to safeguard securities or assets, or (2) to partners in any copartnership, or (3) to outside salesmen, or (4) to employees in a managerial or executive capacity or in any other capacity of distinction or sole responsibility who receive more than \$35 per week;

(c) No employee shall be paid (1) less than \$16 per week in any city of over 2,000,000 in population; (2) less than \$15 per week in any city between 500,000 and 2,000,000 population; (3) less than \$14.50 per week in any city between 250,000 and 500,000 population; (4) less than \$14 per week in any city between 2,500 and 250,000 population; and (5) in any town of less than 2,500 population all wages of employees shall be increased by not less than 20% provided that this shall not require the payment of wages in excess of \$12 per week. In the event that any employer shall operate one or more branches or offices in towns or cities in different classes described in this paragraph (c) than the minimum wage requirement for the employees at each branch or office of such employer shall be determined by the classification of the town or city in which each such branch or office shall be located; provided, however, that where a State law provides a higher minimum wage than is provided in this Code, no person employed within that State shall be paid a wage below that required by such State law;

(d) All employees, except employees mentioned in paragraph (b) above, if employed for more than a total of 44 hours per week averaged over a period of four (4) months, shall be paid for all such excess time of employment at the rate of 133 $\frac{1}{3}$ % of the regular hourly rate at which such persons shall then be employed; but regardless of the calculation of such overtime averaged over a four months' period, all such employees if employed for more than 48 hours in

any one week shall be paid for such time in excess of 48 hours at the rate of $133\frac{1}{3}\%$ of the said regular rate. The amount paid for overtime for any weekly period shall be credited on the amount of overtime paid at the end of any four months' period, and in computing the amount of overtime to be paid as herein provided the regular hourly rate at which any person shall be employed shall be determined by dividing the amount per week which he shall regularly be paid by 40; and

(e) The wages of employees (except employees mentioned in the foregoing subdivisions (2), (3), and (4) of paragraph (b)) being paid on September 1, 1933, in excess of the established minimum shall not be decreased, notwithstanding that the hours worked in such employment may be hereby reduced.

ARTICLE III—ADMINISTRATION

The Board of Administrators, as provided for in Schedule B hereof, shall represent the employers in the administration and supervision of this Code and shall have, in addition to the specific powers set forth in said Schedule, all general powers necessary for such administration and supervision, subject at all times to the power of the Administrator to veto or modify any action taken by it.

The Administrator may appoint a representative to the Board of Administrators who may participate without vote in all activities of the Board.

In order to keep the President and the Administrator informed as to the observance or nonobservance of this Code, each employer shall prepare and file with the Board of Administrators at such times and in such manner as the Board may prescribe, statistics covering the number of persons employed, wage rates, hours of work, and such other data or information as the Board of Administrators, with the approval of the Administrator, or the Administrator, may require. All information so furnished shall be treated as confidential and used only for the sole purpose herein set forth.

ARTICLE IV—GENERAL PROVISIONS

Any employer may voluntarily assent to this Code by signing and delivering to the Board of Administrators a letter substantially as set forth in Schedule A hereof.

The provisions of this Code shall apply to and be binding upon every employer, as defined in Article I hereof, whether or not such employer has voluntarily assented to this Code as herein provided or not; but only such employers as shall have voluntarily assented to this Code as hereinafter provided, or who have paid assessments hereunder, shall be entitled to participate in its administration and to vote for members of the Board of Administrators as herein provided.

Upon the approval of this Code by the President, pursuant to the provisions of Title I of the National Industrial Recovery Act it shall constitute a binding contract on all those who have assented to this Code subject, however, to the right of amendment and termination as provided in this code.

The President may, from time to time, cancel or modify any order, approval, license, rule or regulation issued under Title I of the National Industrial Recovery Act.

ARTICLE V—AMENDMENTS AND TERMINATION

Any employer assenting to this Code that may hereafter desire to have the Code amended or any supplementary provisions added should take the following procedure: Propose the amendment to the Board of Administrators who shall, if a majority of the Board shall approve the proposed amendment, submit it to a meeting of the employers assenting to this Code especially called for that purpose upon due notice; and if at any such meeting a majority of such employers shall vote in favor of the adoption of such proposed amendment, such amendment shall be submitted by the Board of Administrators to the President for approval, and such proposed amendment shall take effect as a part of this Code upon such approval thereof by the President. Employers voting on such amendments as above provided may vote in person, by proxy in writing or may vote in writing without being personally present.

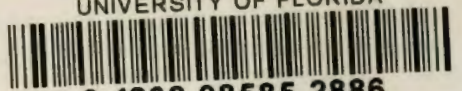
This Code shall continue in effect so long and only so long as the National Industrial Recovery Act shall be in force and effect but in no event after June 16, 1935, and shall in all respect be subject to the provisions and conditions thereof; provided, however, that this Code may be terminated at any time by the same action by assenting employers, with the approval of the President, as is above provided for the amendment thereof. Such termination shall not release any employer from the payment of any unpaid assessment theretofore made.

SCHEDULE A

FORM OF LETTER OF ASSENT TO CODE

The undersigned, by signing and delivering this letter to Frederick F. Lyden, 42 Broadway, New York City, assents to all of the terms and conditions of the Code for Stock Exchange Firms, a copy of which is annexed hereto; and such assent shall be effective as of the date on which said Code shall become effective as therein provided or the date of the delivery of this letter, whichever shall be later. The undersigned hereby agrees with everyone similarly assenting to said Code, that said Code constitutes a contract between the undersigned and all such others and agrees to be bound by the provisions thereof as well as the provisions in Schedule B annexed thereto including particularly the right of assessment for expenses as therein provided.

(5)



SCHEDULE B

RULES AND REGULATIONS FOR THE ADMINISTRATION OF THE CODE

1. Every employer who voluntarily assents to this Code or pays assessments as herein provided, shall be entitled to one vote at all meetings of employers under the Code; and the Board of Administrators shall determine and resolve all questions which might arise as to the qualification of any employer and his right to cast a vote at any meeting. Any employer may vote by proxy in writing. At least 75% of the employers shall constitute a quorum for the transaction of business at any meeting.

2. The Board of Administrators shall be constituted as follows: five members shall be appointed by the Board of Governors of the Association of Stock Exchange Firms (New York); five members shall be elected by a majority vote of all other associations or organizations of stock-exchange firms any of whose members shall have assented to this Code, each association or organization having one vote; one member shall be elected by a majority vote of the employers assenting to this Code who shall not be members of any of the foregoing associations or organizations; a representative to be appointed by the Administrator as provided for in Article III.

3. Immediately after the effective date of the Code employers shall meet in the City of New York for the election of the Board of Administrators.

4. Members of the Board of Administrators, except the representative of the Administrator, shall serve a term of one year. If a vacancy shall exist on the Board of Administrators, then such vacancy shall be filled by the remaining members of the Board elected by the same persons electing the member in respect to which such vacancy shall then exist.

5. All meetings of the Board of Administrators shall be held in New York City, or such other place as the Board may determine, and at all such meetings a majority shall constitute a quorum, and any member of the Board may vote by proxy in writing. Meetings may be called by any three members of the Board.

6. The Board of Administrators shall have power to appoint, remove, and fix the compensation of its officers and employees, including accountants, attorneys, and experts.

7. The Board of Administrators shall designate an Executive Committee of five from among its members which shall possess and may exercise all of the powers of the Board of Administrators except as otherwise specifically directed by such Board. All meetings of the Executive Committee shall be held in New York City and may be called by any two members thereof.

The Board of Administrators may also from time to time appoint either from employers under the Code or otherwise such committees as it may deem necessary or proper in order to carry out its powers and duties under the Code, delegating to any such committee any powers and duties of the Board of Administrators as shall be deemed necessary or proper to effectuate such purpose.

The representative appointed by the Administrator shall be given notice of all meetings of any committee or committees appointed by the Board of Administrators and shall have the right to participate without vote in the activities of such committees.

8. The expenses of administering this Code shall be borne by the employers. The Board of Administrators may from time to time make such assessments on account of such expenses which shall be apportioned among all employers in such manner as the Board of Administrators shall deem fair and equitable. Failure of any such employer to pay any such assessment for a period of 30 days after the date on which it became payable shall constitute a violation of the Code and such employer shall thereafter, upon notice from the Board of Administrators, not be entitled to any of the rights and privileges appertaining to an employer voluntarily assenting to the Code as therein and herein provided, but shall continue to be liable for all due and unpaid assessments up to and including the date of such notice.