About This Stock And Bond Business of the stock and bound business of the stock of

Some plain talk about a simple business that often sounds complicated.

INFORMATION

WHY WE ARE PUBLISHING THIS-

rly. (The remay, and a dividend every year for han a century.) ompany's board of directors dewint dividends will be paid and with the paid and the other stockers elect them, each for a definite you get one vote for share of stock you own. The disarrel the paids of a company, president and other officers are nesible to the directors for their gement of the company.

addition to its common stock, companies also have preferred

What everybody ought to know.

ADVERTISEMENT

soul of service fee over any above the commission to the member broker.

What About Unlisted Stocks?

The New York Stock Exchange or 'Big Board' is the biggest formal market lor stocks and bonds, but there are thousands of security issues which are traded on the 24 other exchanges, such as the New York Curb Exchange, Still other stocks and bonds aren't listed on any exchange. These securities are called unlisted or off board securi-larly galled the over-the-counter market. Government and municipal bonds are mainly traded in that market. So are the stocks of most banks and insurance companies, as well as the securities of many big corporations auch

ALTERNATE VERSION (RAN 1950-1953)

Who May Buy Stocks and Bonds?

How to Buy and Sell Securities

"WHAT'S THIS? ... WHAT'S THAT?"

securities.
We'll give you all the facts and figures

We'll give you all the facts and figures we have on any stock or bond you are interested in. There'll be no charge for them. We want you to have them — before you buy and after you buy. If you ask us, we'll even tell you how we think those facts and figures add up in terms of your own investment needs.

But in the end, the decision is yours. That's what we mean when we say

"Investigate . . . then Invest."

voice. Secret transactions are not per-mitted.

Our broker immediately executes your Secret transactions are not per-

About This Stock And Bond Business

walk into any brokerage office in America without asking leave. Finally, a lot of people probably have the idea that brokers only do business with people who invest thousands or tens of thousands of dollars at a time. Well, in our 100 offices were proud to do business with people who talk in hundreds of dollars as well as people who deal in four and five figures. On a recent check, we found that 41% of our customers had incomes of less than \$5,000 a year. At the other end of the scale were some who counted their income in hundreds of thousands. wants to buy as low as he can and sell as high as he can. That's why we maintain a close, continuous study of market conditions at all times; why our findings are always available to anybody who wants to reduce the risk in deciding when to buy or sell. Does that mean that we will tell you how to invest your money? This is a point we want to make absolutely clear, for it involves a fundamental Merrill Lynch principle. Certainly, we'll try to help you if you want us to — if you ask for our advice and counsel. But we will not give you unasked advice; we will not foist our opinions or our recommendations upon you. Some plain talk about a simple business are always available to anybody who wants to reduce the risk in deciding when to buy or sell. That point is especially important with respect to the sale of stock. If you own a stock which has risen to such a high price that you wouldn't consider buying it, it is only good sense that you at least consider selling it. Too many people make the mistake of buying stocks, then putting them away and forgetting about them. That's bad business. If you want to invest successfully, you've got to pay attention to your securities and be always alert to new investment opportunities. What may have been a good buy last year or even last month may not be a good buy next year or next month. Like everything else in this world, "securities are perishable." that often sounds complicated. WHY WE ARE PUBLISHING THIS tions upon you. This firm spends about a million dollars a year in preparing and distributing to investors factual information about INFORMATION

A little while ago we were talking with the editor of a big national magazine, a well-informed man. He said that he had never done business with a broker because he was afraid he wouldn't understand the "lingo they talk." Or look at the situation from the purely personal point of view. A lot of people might like to put their surplus savings where they could earn a fair return on them. But if those people are unfamiliar with securities, they aren't likely to invest their money in them. That stopped us, made us realize there must be a good many other people, who are deterred from investing simply because they don't understand the basic mechanics of this business. So it has seemed to us we have

an obligation to try to explain this stock and bond business as simply it where do you start? But where do you start? Well, we might as well go right back to fundamentals, back to the most common words in the business. You may find a lor of this explanation pretty elementary. But the next fellow may not be wholly clear about the exact difference between a stock and a bond. So we'll start right there, in the belief that you'll be obliging enough to skip what you already know.

Why? Wny!

Well, if people do not invest their funds in securities, American business and American government will not have the capital they need for growth — for new products, new plants, new jobs. That capital can come from just one place: People. Not just a few people with great fortunes — there aren't many of them any more — but from millions of people.

And that is a serious matter.

MERRILL LYNCH, PIERCE, FENNER & BEANS particular stock is largely determined by one factor — earnings. That includes what the company has earned (its past record), what it is earning (its present state of health), and what it might earn (its prospects for the future).

So you see selecting a stock is not just a matter of knowing the figures. It's a matter of facts, plus knowledge and judgment. How aggressive is the company? What Are Stocks?

What Are Stocks?

The stock of a company represents the ownership of that company. If you own a share of stock in a company — let's call it the Typical Manufacturing Company — you own a piece of that company — a part of its plant, its production, a part of everything in that company, If the Typical Company has 1,000 shares of stock and you own 10 shares, you own one hundredth of the company, or 1% of it.

Some companies have only a few shares of stock and a few owners, while others — the big corporations like U. S. Stee and General Motors — have millions of shares of stock and hundreds of thousands of stockholders or owners. Why Does Anyone Buy Stocks? Why Does Anyone Buy Stocks?

For the same reason that anyone might want to own his own business or have a stake in one: To make money.

When Typical Company makes money, a part of its earnings will probably be plowed back into the business, and, a part will be paid out as dividends to the owners or stockholders — so much for every share of stock. If you own 1% of the company, you get 1% of all dividends.

How Big Are Dividends?

That depends primarily, of course, on what a company earns in any given year. Most companies try to pay dividends at a regular and annual rate, such as \$1 or \$2 or \$5 on every share of stock. In good years, the regular rate may be increased or extra dividends declared; in bad years, dividends may be cut or eliminated.

Of all the companies whose stocks are bought and sold on the New York Stock Exchange, about 90% are paying dividends. (That was the record last year.)

Over the past several years, these companies have paid dividends equal to about 6% of the price of their stock. Some years the average has been higher. (last year it was 7%), and some years it has been less. Some companies pay more; some pay less. Some pay regularly (over a quarter of them have paid-dividends for at least 20 consecutive years), and some pay irregularly. But on the average, if you bought a share of stock in each of these companies, you might expect an annual return of 6% on your money.

A company's board of directors decides what dividends will be paid and when. These directors are your representatives. You and the other stockholders elect them, each for a definite term. Ordinarily, you get one vote for every share of stock you own. The directors are the real heads of a company. The president and other officers are responsible to the directors for their management of the company.

What Other Securities

How Big Are Dividends?

What Other Securities
Are There? Are There?
So far, we've been talking about common stocks. In addition, some companies have preferred stock, usually offered originally at \$100 a share. Generally, such stocks carry a set dividend rate, say of \$4 a year, and the owners are also guaranteed a first claim, on whatever may be left of value if the company should fail. Characteristically, prices of preferred stocks are not apt to fluctuate as much as common stocks.

Then there are bonds, the most stable mon stocks.

Then there are bonds, the most stable of all securities. Usually issued in \$1,000 units, bonds are a kind of promissory note. People who buy a company's bonds lend their money to that company, and the company agrees to pay them back at the manurity date. For the use of the money, the company pays a set rate of interest, say 3% pet year.

Unlike stockholders, bondholders are not part owners of the company. They are creditors of the company.

In addition to corporate bonds, there are state. city, and government bonds.

matter of facts, plus knowledge and judgment. How aggressive is the company? How good is its management? How popular are its products?

Then you have to look outside the company and consider the whole industry in which it operates. Is its future bright? (The buggy industry once offered many good investments.) And what about competitors? Are they in better shape than your company?

Finally, you have to consider general business factors. For instance, will rising costs of labor and raw materials pinch your company?

These are just some of the questions your company?

These are just some of the questions to which the intelligent investor wants answers so that he can form a reliable opinion of what his stock is likely to be opinion of what his stock is allow, worth - fomorrous,
Investment values constantly change.
That's why this firm has always urged stockholders to "Investigate - then Invest", and to keep on investigating.

Why Do Stock Prices Change?

The price of a security at any given time is nothing more than the collective expression of all the opinions of all the people who are then buying or selling it—their opinions about the value of the security.

— their opinions about the value of the security.

If a number of people conclude at about the same time that a particular stock is overpriced, they may decide to sell it, and the price will probably fall. Or they may think it is selling at bargain prices and decide to buy it. Their combined orders may cause the price to rise.

That's why stock prices sometimes fluctuate sharply. Instead of changing by an eighth or a quarter of a dollar—the price may change by several dollars, either up or down, in a short time.

What Are Bull and Bear

What Are Bull and Bear

Mat Are Bult and Bear
Markets?

Sometimes a great many people will decide more or less at the same time that it is a good idea to buy stocks. Such general buying action raises the average price of all stocks. If the price rise is big enough and lasts long enough, we have what is called a bull market.

A bear market is just the opposite. The average price of all stocks drops because of widespread selling. To be bullish or bearish simply means to believe that stocks will go up or down.

Incidentally, it is a simple business to keep track of whether the market as a whole is moving up or down, because almost every major newspaper publishes daily the average price of some group of key stocks and reports whether that average is moving up or down. The Dow Jones Averages are the best known of these indexes.

When Should You Buy or

When Should You Buy or Sell Stocks?

Sell Stocks?

Deciding when to buy or sell is often just as important as deciding what to buy or sell. This matter of timing is particularly important to the speculator. But first, what is a speculator? And what useful purpose does he serve?

A speculator is a man who buys securities, expecting the price to rise so that he will make a profit on his purchase, usually in a short period of time. Or he may sell securities expecting the price to drop. The important point is that the doesn't buy securities as investments.—for the sake of dividends.

The speculator performs a valuable

In addition to corporate bonds, there are state, city, and government bonds. On state and city bonds, the revenue from taxes is frequently pledged as security for repayment. Back of U. S. Government bonds — the highest grade investment there is — lies the integrity of the nation.

What Are Stocks Worth?

The price of a stock, like the price of food or clothing, depends on how much other buyers are willing to pay for it, how cheaply those who own it are willing to sell. When a company first offers or "floats" its stock so that it can raise the money it needs to begin business, a specific price is set on that stock. But once the stock is traded in the market, its price is not fixed or pegged by anybody or any agency.

What people are willing to pay for a the stock is traded in the market, its price is set on the stock is traded in the market, its price is set on the stock but once the stock is traded in the market, its price is set on the stock but once the stock is traded in the market, its price is set on the market, its price is set on the stock is sufficient to a market of securities as investments, — for the sake of dividends. The speculator performs a valuable service in the stock market because he swell is willing to take risks — and risk, the risk of a sudden price change, is an invested pay to take risks — and risk, the risk of a sudden price change, is an invested pay to take risks — and risk, the risk of a sudden price change, is an investale part of any treatment there is willing to take risks — and risk, the risk of a sudden price change, is an invested in the stock market because he is willing to take risks — and risk, the risk of a sudden price change, is an invested in the stock market because he is willing to take risks — and risk, the risk of a sudden price change, is willing to take risks — and risk, the risk of a sudden price change, is willing to take risks — and risk, the risk of a sudden price change, is willing to take risks — and risk, the risk of a sudden price change, is willing to take

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What Is the Stock Exchange?

What Is the Stock Exchange?

The securities of more than 1,200 major companies are "listed" on the New York Stock Exchange, which means that they have been accepted for trading there. All buying and selling on the Exchange is done between the hours of 10 A.M. and 3 P.M., New York time, Monday through Friday, and 10 A.M. to noon on Saturdays except in the summer.

to noon on Saturdays' except in the summer.

What is the New York Stock Exchange? Physically, it is a large area, about two-thirds the size of a football field, in the Stock Exchange building at the corner of Wall and Broad Streets in New York City. Functionally, it is a voluntary organization, 158 years old, that consists now of 1,375 members who have bought memberships (commonly called "seats") on the Exchange.

Most of these members represent brokerage firms whose primary business is carrying out the orders of other people, the public generally, for the purchase or sale of securities. They are paid standard commissions for executing these orders for investors throughout the country, these firms maintain many branch offices. As of Jan. 1, 1950, there were 600 member firms of the Stock Exchange that operated 1,002 branch offices in 387 cities.

Only member brokers can execute or-This firm alone has 100 offices in 98 cities.

Only member brokers can execute orders to buy or sell securities listed on the Exchange. If you give an order to someone who is not part of a New York Stock Exchange broker's organization, that order must ultimately be turned over to a member broker. In such circumstance, you may be charged a small commission

Market? In addition to the New York Stock Ex-change or "Big Board" there are more than a dozen other exchanges, such as the New York Curb Exchange and the Mid-West Stock Exchange on which securi-

you may be charged a small commission or service fee over and above the regular commission to the member broker.

What Is the Over-the-Counter

West Stock Exchange on which securities are traded.

Still other stocks and bonds aren't listed on any exchange. These unlisted securities are traded in what is popularly called the over-the-counter market. Government and municipal bonds are mainly traded in that market. So are the stocks of most banks and insurance companies, as well as the securities of many big corporations such as Time, Inc., Crowell-Collier Publishing Co., and the Weyerhaeuser Timber Co. Many other unlisted securities are those of smaller companies that are apt to be better known locally than nationally.

They are bought and sold not only by

that are apt to be better known locally than nationally.

They are bought and sold not only by many brokers who are members of the New York Stock Exchange but also by thousands of local security dealers.

In the main, dealers in the over-the-counter market are likely to operate on what is called a net price basis rather than a commission basis. Here's how that works: You want to sell X Company stock; so you take it to a dealer, and he makes a bid on it. When he makes that bid, the dealer is acting as a principal—for his own account, not as your agent—and therefore he cannot charge a commission. His bid is a net price bid, and if you accept it, he takes the stock into his own inventory and assumes the risk of re-selling it at a profit, either to another dealer or a customer.

If you but an uplisted security on a net dealer or a customer.

If you buy an unlisted security on a net basis, the process simply works in reverse. The dealer, acting as a principal, sells you stock out of his inventory at sells you stock out of his inventory at an agreed price.

In trading on a net price basis, it is sometimes prudent for the customer to compare bids and offers of several dealers to be sure that he is getting the best price. While Merrill Lynch trades in many over-the-counter securities on a net price basis, just as other dealers do, it will also handle such transactions on a commission basis. The customer decides on which basis he wants us to handle his purchase or sale. If we operate on a commission basis, we will try to find the best possible price for him, and ahe commission we charge on his order will be equivalent to that which would prevail on a comparable New York Stock Exchange transaction. If we operate on a net price basis, we half we operate on a net price basis,

are likely to find. Who May Buy Stocks and Anybody — or perhaps we should say any honest and responsible citizen. For their own protection, brokers have to be sure about the responsibility of their cus-

tion. If we operate on a net price basis, we believe the prices we quote as principals will be as low (if you're buying)

or as high (if you're selling) as any you

When you do invest, you can tell your broker just as little or as much as you want to about your money problems. Whatever you tell him will be held in strict confidence, and frankly, we hope you will want to tell us enough so that we can help you work out an investment program that will best fit your needs.

What Help Will a Broker Give You?

There's nothing complicated about buying or selling stocks. It's as easy as making a phone call. As a matter of fact, that's the way most of our customers handle their business with us — by phone.

order at the lowest price at which the stock is offered, and Ross is advised by phone and wire that the order has been photoe and whe that the order has been completed.

Ross will then phone you and tell you the exact price paid for your stock. The whole operation will have taken only a matter of minutes. How Big Must an Order Be?

In this example we've assumed that you ordered 100 shares because most stocks on the Exchange are traded only in 100-share units or "round lots." But you can buy in smaller units if you like — 5 or 10 or 25 shares, any number from 1 to 99. These are called "odd lots."

If you give a broker an order for 10

or 25 shares, any number from 1 to 99. These age called "odd lots."

If you give a broker an order for 10 shares of Typical, he must buy that stock from an odd lot dealer, who performs a kind of wholesaling function on the Exchange by breaking round lots of securities up into smaller packages. Such odd lot dealers do business only with other brokers on the Stock Exchange floor, nor with the public. For rendering their "wholesale" service, odd lot dealers charge one-eighth of a point, or 12½'c for every share of stock that they buy or sell on market orders.

Apart from that extra eighth, you wouldn't have to pay any more per share on a 10-share order than you would on 100 shares for the price that the odd lot dealer gets for any stock, whether he buys or sells, is always the same as that which prevails on the next round-lot transaction after our broker places your 10-share order with the odd lot dealer. Your stock then costs you 25½ per share, 25 for the stock plus ½th to cover the odd lot cost. If you were selling Typical instead of buying at that time you would get only 24½'s, the round lot price of 25 less ½th to cover the odd lot cost.

What Does It Cost to Buy and What Does It Cost to Buy and Sell Stocks?

Sell Stocks?

Reasonable commissions are charged on all Stock Exchange transactions, and all member firms charge exactly the same standard scale of rates. These rates vary with the size of the order and are a little less proportionately on big orders than on small ones. Thus, the commission on 100 shares of Typical at 25 would amount to 0.9% of the purchase price while on 10 shares it would be 2.4%. Currently, the average commission on all Stock Exchange transactions is less than 1%.

As soon as 'we complete a purchase for you, we send you a bill, which shows exactly what you bought, what price was paid, what commission is due, what postage or tax, if any, is incurred, and what total amount is due. We do not make any charge for special services, such as research or information or carrying an inactive account or safe-keeping of securities, etc.

We have tried here to answer some of the most common questions and provide at least the essential guideposts for anyone who wants to start an investment program in order to get a better return on his extra savings.

We will be glad to send a copy of "How to Invest" to anyone who would like to pursue further the story of how this stock and bond business works. This booklet reviews the basic principles of booklet reviews the basic principles of sound investing and discusses the analysis what the market price is. Brokers with orders to buy or sell Typical Manufacturing make their bids or offers in an audible of market trends, the diversification of holdings, and the management of a portifolio. It's yours for the asking.

Curities, etc. After you pay the bill you can obtain the stock certificate which shows that so many shares of Typical Manufacturing Co. have been registered in your name and that you are entitled to all rights, privileges, and dividends due stockholders in that company. But like an increasing number of our customers, you may find it more convenient to leave the certificate in safe-keeping with us. That way you are protected against losing the certificate, and it is right here whenever the time comes that you want to sell the stock. What Do You Do If You Want to Know More?

Copies of this advertisement in pamphlet form are available on request.

No charge, no obligation. Just write or phone Dept. AB-30.

Stock and Bond Business With the help of The Hecht Co. and their store in Parking-

that takes you all through our famous "How to Invest Show"-Eight basic exhibits covering anything any beginner should know about who should invest-and why. You'll hear a good 20-minute talk on the "Principles of

investing" . . . plus another with all the details about the

You'll see a fast-moving 30-minute movie in full color

There's no charge for this program, no obligation. But admission for 300 at each class will be by ticket only.

You can get yours now-for the night you'd like to attend-at the street floor service desk of The Hecht Co.'s Parkington store in Arlington or by writing or phoning their Public Relations Department at NAtional 8-5100,

Merrill Lynch, Pierce, Fenner & Beane

About This Stock And Bond Business Ad by Louis Engel

(http://swiped.co/about-this-stock-bond-louis-engel)

Swiped in February 2014 Ran 1948-1965

sure about the responsibility of their customers because they accept oral orders to buy or sell. You'll find it a relatively simple matter to establish your reliability with a broker and to open an account.

Many potential investors haven't bought stocks and bonds simply because they don't know how to go about it. Some may have hesitated simply because they don't know a broker. They may even have thought of him as a somewhat unapproachable individual. He isn't. You can MERRILL LYNCH, PIERCE, FENNER & BEANE Underwriters and Distributors of Investment Securities Brokers in Securities and Commodities NEW YORK 5, N. Y. Tel: WHitehall 4-1212 Newark: 744 Broad St.—Tel: MArket 3-8300 Stamford: 80 West Park Place—Tel: 4-7355

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ton, Arlington, we think we can tell you in just about 90

Because The Hecht Co. has been nice enough to lend us their beautiful air-conditioned auditorium for two suc-

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extension 3496.

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No charge, no obligation. Just write or phone . . . MERRILL LYNCH, PIERCE, FENNER & BEANE

How to Buy and Sell Securities

that's the way most of our customers handle their business with us—by phone. Let's assume that you've already opened an account with us. (In the main, that's just a matter of establishing your credit so that we will be able to accept phone orders from you.) As a customer, you will deal regularly with one of our account executives, always the same one. Let's say your account executive's name is Ross; he's the man who handles all your business, and he is registered with the New York Stock Exchange. That means he has qualified as a man of good character and passed an examination on the operation of the securities business. How Do You Get a Price

How Do You Get a Price
Quotation?

Now let's suppose you want to buy 100 shares of Typical Manufacturing Co. You could drop by the office and place your order in person — which you might well do if you wanted to talk with Ross and get information from him about Typical. Or you could write Ross and place your order by mail. Or, as is most likely, you could phone. Once you get Ross on the line, your first question is likely to be, "What's Typical selling at now?"

Ross might be able to answer that by a quick look at the "quote board" in the front of the office. The quote board in the front of the office. The quote board whose the latest prices for many of the most popular stocks. In some of our offices, where Teleregister service is available, the board is electrically operated, and every price change is automatically recorded for each of 200 or so different stocks. The high and low prices for the day and the closing price for the preceding day are also shown. In the rest of our offices, the prices are chalked up on the quote board as they come through on the ticker tape, which reports transactions made on the Stock Exchange.

On the quote boards, the ticker tape, and the Translux (where the tape is projected on a movie screen) all stocks are referred to by initials or combinations of letters, such as C for Chrysler Corp., CP for Canadian Pacific, and CGW for Chicago Great Western.

If Typical Manufacturing isn't shown on the quote board, Ross will offer to get the price for you and phone you back. He can do this easily, because Merrill Lynch has 50,000 miles of private teletype, and telephone wires, connecting direct to our New York headquarters.

How Do You Place an Order?

In a few minutes Ross calls to say that

How Do You Place an Order? In a few minutes Ross calls to say that Typical is quoted at 25 bid, 251/4 asked. By that he means that \$25 a share is the

Typical is quoted at 25 bid, 25 ¼ asked, by that he means that \$25 a share is the highest price that anyone is then willing to pay and that \$25.25 is the lowest price at which anyone is willing to sell Typical. "Shall I place your order at the market?" he asks. A market order is one for immediate execution at the best price that prevails when the order reaches the floor of the Exchange, regardless of how the price may have changed — up or down a fraction of a point, sometimes more—between the time the order is placed and the time it can be filled. Market orders are by all odds the most common, but you may also place a limit order, instructing us to buy Typical only if it is available at 24½ within any period of time you specify. If 100 shares of Typical are offered at 24½ within that time, we will execute your limit order for you, provided the supply of stock at that price isn't exhausted by other orders that may have been placed ahead of, yours. Limit orders can also be used in selling stocks.

How Are Orders Executed?

Suppose you give Ross a market order for 100 shares of Typical, That order is immediately transmitted to our New York headquarters and phoned direct to a Merrill Lynch booth on the floor of the Exchange. There one of our floor brokers goes to the trading post at which Typical is bought or sold. There are 18 such posts on the floor of the Exchange, and at each of them approximately 65 stocks are traded. At the trading post, our broker asks

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