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**ODD-LOT TRADING
ON THE
NEW YORK STOCK EXCHANGE**

ODD-LOT TRADING
ON THE
NEW YORK
STOCK EXCHANGE

BY
CHARLES O. HARDY

WASHINGTON, D.C.
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DIRECTOR'S PREFACE

In this volume we present the results of an investigation of the structure and functioning of the odd-lot market of the New York Stock Exchange. This study is of particular interest at this time because of the recent extension of the regulatory activities of the federal government to cover the issuance and distribution of securities and the activities of organized stock exchanges.

Although the structure and technique of stock exchanges have, for many years, been the subject of a considerable body of literature, attention has centered on the "round lot" market because of the importance of its price-making functions, its larger volume, and the fullness and promptness with which its operations are reported in the press and through the stock exchange ticker system. The subsidiary odd-lot system has been much less publicized and is little understood, even by the great body of investors who patronize it. Prior to publication of reports of its operations by the Securities and Exchange Commission no quantitative data concerning its operations were available to the public, and information concerning its method of operation was available almost exclusively through trade sources.

This study was undertaken at the suggestion of the three principal odd-lot dealers—Carlisle, Mellick & Co., DeCoppet and Doremus, and Jacquelin and DeCoppet—and it has been possible to carry it through only because of their cooperation. All three dealers gave Mr. Hardy the run of their offices and free access to their files, released for his use the entire body of confidential information which they had previously submitted to the

Securities and Exchange Commission, and furnished much additional information at his request. The author wishes to acknowledge the assistance given him by partners and employees of these firms, whose work has frequently been interrupted for his benefit.

The expense of this study, aside from the actual compilation of statistical data, has been borne by the Brookings Institution. While the odd-lot dealers have naturally made many valuable suggestions and criticisms, the entire responsibility for the findings rests with the author and his cooperating committee. The committee of the Brookings Institution which cooperated with the author consisted of George W. Edwards, Sheldon B. Akers, and the Director of the Institute of Economics.

Edwin G. Nourse
Director

Institute of Economics
March 1939

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