

APPROVAL OF BUDGET AND PLAN FOR CONTRIBUTIONS
FOR ADMINISTERING CODE FOR INVESTMENT BANKERS

National Recovery Administrator Hugh S. Johnson, through H.O. King, Division Administrator, has approved the budget for code administration submitted by the investment bankers code committee, it was announced today. Approval was also given to the proposed basis of contribution to the expense of administering the code.

The investment bankers were among the first to submit to the Administrator for approval their budget and plan for securing the contributions. The documents were filed in the last week of April and the Administration gave notice of the opportunity to file objections prior to May 17.

From the approximately 2,200 investment bankers who assented to the code, and to whom copies of the budget and the plan of assessment were mailed, there came only 44 objections.

The budget proposed and now approved was for \$134,486.39 and is intended for the administration of the code from November 27, 1933, to July 1, 1934. The basic, or minimum contribution will be \$25 with provision for a maximum of \$300.

Contributions will be made by employers in the investment banking business on the basis of the number of employes in the individual firms. Those employing five or fewer persons will pay the \$25 minimum and those employing more than 200 will pay the maximum amount.

In accordance with the plan for collecting contributions those employers classed as "originators" of substantial issues of securities may be called on to pay the maximum \$300 regardless of the number of their employes.

For purposes of assessment the code committee will classify employers according to the number of employes, as follows:

<u>"Class"</u>	<u>Total Number of Personnel Reported"</u>
1	1-5
2	6-10
3	11-15
4	16-25
5	26-50
6	51-75
7	76-100
8	101-125
9	126-150
10	151-175
11	176-200
12	201 or more

A sliding scale of contributions based on this classification will be used. Employers in Class I will be required to pay the \$25 minimum, those in Class II, twice the minimum, or \$50, those in Class III, three times the minimum or \$75 and similarly for each higher class until those employers in Class XII will pay twelve times the minimum or \$300.

In determining the contributions toward future budgets the plan fixes the basic minimum for Class I employers by dividing the total amount to be raised by an amount equaling the sum of the number of Class I employers as reported for the assessment then in progress; plus twice the number of Class 2 employers, so reported; plus three times the number of Class 3 employers, so reported; plus four times the number of Class 4 employers, so reported; plus five times the number of Class 5 employers, so reported; plus six times the number of Class 6 employers, so reported; plus seven times the number of Class 7 employers, so reported; plus eight times the number of Class 8 employers, so reported; plus nine times the number of Class 9 employers so reported; plus ten times the number of Class 10 employers, so reported; plus eleven times the number of Class 11 employers, so reported; plus twelve times the number of Class 12 employers, so reported."

In presenting the budget it was shown that the Investment Bankers Association spent \$23,441.29 in connection with the preparation of the code before its approval. This amount is not charged.

Other expenditures made or proposed to be made, as included in the budget, are listed as follows:

- 1. Administration expenses incurred to date and advanced by the following:
 - (a) Investment Bankers Association of America \$23,499.02
 - (b) Out-of-pocket expenses of individual members of Code Committee 10,113.45
 - 2. Expenses incurred for counsel and professional advice incident to preparation and presentation of Fair Practice Provisions 51,417.25
 - 3. Estimated amount for National Committees operations for ensuing three months 25,456.67
 - 4. Estimated amount for 16 Regional Committees at \$1,500 each 24,000.00
- \$134,486.39

Estimated receipts from assessment after allowing for an increase of 50% in the number subject to assessment and a realized 90% collection. \$137,997.00