

Certificate of Immobilization

Book entry deliveries continued to outdistance physical deliveries in the settlement of securities transaction among depository participants of The Depository Trust Company (DTC). This tendency is illustrated in Table 10, Certificate Immobilization Trends. The table captures the relative significance of the mediums employed, in a ratio of book-entry deliveries to certificates withdrawn from DTC. The figures include Direct Mail by Agents and municipal bearer bonds. In 1998, the total certificates withdrawn increased by almost 13% from 1997, and the number of book-entry deliveries increased by 9%. In 1997, the ratio was almost twice the 1994 ratio of book-entry deliveries rendered for every certificate withdrawn.

Table 10
CERTIFICATE IMMOBILIZATION TRENDS
The Depository Trust Company

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Book-entry Deliveries at DTC (millions)	163.7	151.0	136.0	119.0	106.0
Total of all Certificates (in thousands)	3,225	2,858	2,769	3,270	3,899
Book-entry Deliveries per Certificates Withdrawn	50.8	52.7	49.0	36.4	27.1

Exemptions

Section 12(h) Exemptions

Section 12(h) of the Exchange Act authorizes us to grant a complete or partial exemption from the registration provisions of Section 12(g) or from the disclosure or insider reporting/trading provisions of the Exchange Act where such exemption is consistent with the public interest and investor protection. Eight applications or no-action requests were filed during the year. One request was withdrawn during the year and seven requests were pending at year end.

Exemptions for Foreign Private Issuers

Rule 12g3-2 provides various exemptions from the registration provisions of Section 12(g) of the Exchange Act for the securities of foreign private issuers. A frequently used exemption is that contained in subparagraph (b), which provides an exemption for certain foreign issuers that furnish specified documents to the Commission on a current basis. Such documents include information material to an investment decision that the issuer has:

- made or is required to make public pursuant to the law of the country in which it is incorporated or organized;
- filed or is required to file with a stock exchange on which its securities are traded and which was made public by such exchange; or
- distributed or is required to distribute to its securityholders.

Periodically, the SEC publishes a list of those foreign issuers that appear to be current under the exemptive provision. The current list contains over 850 foreign issuers.

Corporate Reorganizations

During 1999, the Commission entered its appearance in 56 new reorganization cases filed under Chapter 11 of the Bankruptcy Code involving companies with approximately \$22 billion in assets and 195,000 public investors. Adding these new cases, the Commission was a party in a total of 125 Chapter 11 cases during the year, involving companies with approximately \$36 billion in assets and about 500,000 public investors. During the year, 21 cases were concluded through confirmation of a plan, dismissal, or liquidation, leaving 104 cases in which the Commission was a party at year-end.

Table 11
REORGANIZATION PROCEEDINGS UNDER CHAPTER 11
OF THE BANKRUPTCY CODE IN WHICH
THE SEC ENTERED APPEARANCE

Debtor	District	FY Opened	FY Closed
2Xtreme Performance	D. CO	1999	
Acme Metals Incorporated	D. DE	1999	
Action Auto Rental, Inc.	D. OH	1993	
Advanced Gaming Technology, Inc.	D. NV	1999	
Aileen, Inc.	S.D. NY	1994	
All American Food Group, Inc. ^{1/}	D. NJ	1999	1999
Alliance Entertainment Corp.	D. NY	1997	
American Microtel, Inc.	D. NV	1995	
American Rice, Inc.	S.D. TX	1998	
Apparel America, Inc.	S.D. NY	1998	
APS Holdings, Inc.	D. DE	1998	
Audre Recognition Systems, Inc.	S.D. CA	1997	
Autolend Group, Inc.	D. NM	1997	
B-E Holdings, Inc.	E.D. WI	1994	
Ben Franklin Retail Stores, Inc.	N.D. IL	1996	
Bonneville Pacific Corp. ^{1/}	D. UT	1992	1999

Table 11 (continued)
 REORGANIZATION PROCEEDINGS UNDER CHAPTER 11
 OF THE BANKRUPTCY CODE IN WHICH
 THE SEC ENTERED APPEARANCE

Debtor	District	FY Opened	FY Closed
Bradlees, Inc.	S.D. NY	1996	
Brazos Sportswear, Inc.	D. DE	1999	
Breed Technologies	D. DE	1999	
Bruno's, Inc.	D. DE	1998	
Builders Transport, Inc. <u>2/</u>	N.D. GA	1998	1999
Cable & Co. Worldwide, Inc.	S.D. NY	1998	
Carter Hawley Hale Stores, Inc.	C.D. CA	1991	
Chimneyville Investments Group, Inc.	S.D. MS	1998	
Cincinnati Microwave, Inc. <u>1/</u>	S.D. OH	1997	1999
Cityscape Financial Corp.	S.D. NY	1999	
CML Group, Inc.	D. DE	1999	
Coho Energy, Inc.	N.D. TX	1999	
Concord Energy, Inc.	D. DE	1999	
Costilla Energy, Inc.	W.D. TX	1999	
County Seat Stores, Inc.	S.D. NY	1999	
Coyote Energy, Inc.	D. CO	1999	
Craig Consumer Electronics, Inc.	C.D. CA	1997	
CRIIMI MAE, Inc.	D. MD	1999	
Crowley, Milner & Co., et al.	E.D. MI	1999	
Debbie Reynolds, Hotel & Casino Inc.	D. NV	1998	
DeVlieg-Bullard, Inc.	N.D. OH	1999	
Digital Technologies Media Group, Inc.	C.D. CA	1999	
Discovery Zone, Inc.	D. DE	1999	
ERLY Industries Inc./Subsidiary of American Rice, Inc.	S.D. TX	1999	
Factory Card Outlet, Inc.	D. DE	1999	
First City Bancorporation of Texas, Inc. <u>1/</u>	N.D. TX	1994	1999
First Enterprise Financial Group, Inc. <u>2/</u>	N.D. IL	1998	1999

Table 11 (continued)
REORGANIZATION PROCEEDINGS UNDER CHAPTER 11
OF THE BANKRUPTCY CODE IN WHICH
THE SEC ENTERED APPEARANCE

Debtor	District	FY Opened	FY Closed
Food Court Entertainment Network ¹ /	D. DE	1999	1999
FPA Medical Management, Inc. ¹ /	D. DE	1998	1999
Future Communications, Inc. ² /	W.D. OH	1994	1999
FWT, Inc.	N.D. TX	1999	
Gander Mountain, Inc.	E.D. WI	1996	
Garden Botanika, Inc.	W.D. WA	1999	
Geotek Communications, Inc. ¹ /	D. DE	1998	1999
Global Environmental Industries, Inc. ³ /	W.D. TX	1998	1999
Great American Recreation, Inc.	D. NJ	1996	
Guy F. Atkinson Co. of California	N.D. CA	1998	
Harnischfeger Industries	S.D. DE	1999	
Healthcor Holdings, Inc.	N.D. TX	1999	
Hospital Staffing Services, Inc. ² /*	S.D. FL	1998	1999
ICO Global Communications (Holdings) Limited	D. DE	1999	
Imagyn Medical Technologies, Inc.	D. DE	1999	
Intile Designs, Inc.	S.D. TX	1999	
Jumbosports, Inc.	M.D. FL	1999	
King of Video, Inc. ¹ /	D. NV	1989	1999
Laclede Steel Co.	E.D. M	1999	
Loehmann's Inc.	D. DE	1999	
Lifeone, Inc. f/k/a National Affiliated Corp.	W.D. LA	1998	
Livent, Inc.	S.D. NY	1999	
Loewen Group, Inc.	D. DE	1999	
Main Street AC, Inc.	N.D. CA	1999	

Table 11 (continued)
REORGANIZATION PROCEEDINGS UNDER CHAPTER 11
OF THE BANKRUPTCY CODE IN WHICH
THE SEC ENTERED APPEARANCE

Debtor	District	FY Opened	FY Closed
Manhattan Bagel Co., Inc.	D. NJ	1998	
Marker International	D. DE	1999	
MCA Financial Corp. Corp. et al.	E.D. MI	1999	
Media Vision Technology, Inc.	N.D. CA	1994	
Meris Laboratories, Inc.	C.D. CA	1999	
Molten Metal Technology, Inc.	D. MA	1998	
National Energy Group, Inc.	N.D. TX	1999	
National Gypsum Co. <u>1/</u>	N.D. TX	1991	1999
Neostar Retail Group, Inc. <u>3/</u>	N.D. TX	1997	1999
Nu-Kote Holding, Inc.	M.D. TN	1999	
Omega Environmental, Inc.	W.D. WA	1997	
One-Stop Wireless of America, Inc.	C.D. CA	1999	
Organik Technologies, Inc.	C.D. CA	1999	
OTS Holdings, Inc.	C.D. CA	1998	
Pacific Diagnostic Technologies, Inc.	N.D. CA	1998	
Pacific Northwest Housing, Inc.	D. OR	1998	
Payless Cashways, Inc.	W.D. MO	1997	
PCA Industries, Inc.	E.D. WI	1997	
Penn Pacific Corp.	E.D. OK	1994	
Philip Services, Inc.	D. DE	1999	
Phoenix Information Systems Corp. <u>1/</u> *	D. DE	1998	1999
PHP Healthcare Corporation	D. DE	1999	
Ponder Industries	S.D. TX	1999	
Powertel USA, Inc.	D. NV	1998	
RDM Sports Group, Inc.	N.D. GA	1997	
Recycling Industries, Inc.	D. CO	1999	
Reddie Brake Supply Co., Inc.	C.D. CA	1998	
Reliance Acceptance Corp.			

Table 11 (continued)
REORGANIZATION PROCEEDINGS UNDER CHAPTER 11
OF THE BANKRUPTCY CODE IN WHICH
THE SEC ENTERED APPEARANCE

Debtor	District	FY Opened	FY Closed
f/k/a Cole Taylor Financial Group, Inc.	D. DE	1998	
Rymer Foods, Inc.	N.D. IL	1993	
Salant Corporation	S.D. NY	1999	
Sierra-Rockies Corp.	C.D. CA	1998	
Sirena Apparel Group, Inc.	C.D. CA	1999	
Sled Dogs, Inc. <u>1</u> / [*]	D. MN	1998	1999
SmarTalk Teleservices, Inc.	D. DE	1999	
Solv-ex Corp.	D. NM	1997	
Sterling Optical Corp.	S.D. NY	1992	
Stream Logic Corp.	N.D. CA	1998	
Struthers Industries, Inc.	N.D. OK	1998	
Synchronys Softcorp.	C.D. CA	1999	
Tan Books & Records, Inc. <u>1</u> /	N.D. IL	1998	1999
The Sled Dogs Co.	D. MN	1998	
Tradetech Americas, Inc.	N.D. IL	1998	
TransTexas Gas	S.D. TX	1999	
United Companies Financial Corporation	D. DE	1999	
United Petroleum Corporation	D. DE	1999	
United States Leather, Inc.	E.D. WI	1998	
Universal Seismic Associates, Inc.	S.D. TX	1999	
Value Software, Inc.	D. NV	1999	
Vencore, Inc.	D. DE	1999	
Venture Stores, Inc. <u>1</u> /	D. DE	1998	1999
Westbridge Capitol Corp. <u>1</u> /	D. DE	1998	1999
Western Fidelity Funding, Inc.	D. CO	1997	
Western Pacific Airlines, Inc. <u>2</u> /	D. CO	1998	1999
Westmoreland Coal Co.	D. CO	1997	
World Wide Direct	D. DE	1999	

Table 11 (continued)
 REORGANIZATION PROCEEDINGS UNDER CHAPTER 11
 OF THE BANKRUPTCY CODE IN WHICH
 THE SEC ENTERED APPEARANCE

Debtor	District	FY Opened	FY Closed
WRT Energy Corp.	W.D. LA	1996	
Wiz Technology, Inc.	C.D. CA	1998	
Winco Corp.	C.D. CA	1998	
Total Cases Opened (FY 1999)		56	
Total Cases Closed (FY 1999)			21

1/ Chapter 11 plan confirmed.

2/ Debtor liquidated under Chapter 7.

3/ Case dismissed.

* Omitted from Table 11 in FY1998 Annual Report.

The Securities Industry: Revenues, Expenses, and Selected Balance Sheet Items

Broker-dealers registered with the Securities and Exchange Commission earned a pre-tax profit of \$17.1 billion in calendar year 1998. This was \$2.8 billion less than that earned the previous year. The pre-tax return on equity capital of 19.3% was about the same as the average results of the previous decade.

Record transaction activity was an important factor affecting broker-dealer profits in 1998. Sales of mutual funds grew by 23%. The dollar value of equity trades executed on the exchanges and the Nasdaq increased by 27%. The amount of margin debt outstanding grew by 12%. The result was revenue growth. Securities commissions rose by \$4.1 billion to \$36.8 billion in 1998. Margin interest of \$12.7 billion represented an increase of \$2.1 billion. Revenues from retailing mutual funds grew by \$2.4 billion to \$14.8 billion.

Underwriting revenues of \$16.3 billion were a \$1.7 billion increase over the previous year. The value of new debt offerings grew by 45%; equity offerings were flat in 1998. Proprietary trading gains were \$32.8 billion in 1998, a decrease of \$3.1 billion.

“All other revenues” grew by \$21.6 billion to \$122.6 billion in 1998. These revenues are comprised primarily of interest income from securities purchased under agreements to resell and fees from handling private placements, mergers, and acquisitions. Most of these underlying business segments showed substantial growth in 1998. Announced M&A deals rose by 80% and the dollar value of private placements grew by 24%. The dollar value of reverse repurchase agreements fell by 6%.

Expenses rose 17% to \$218.9 billion in 1998, primarily due to higher interest expenses. Interest expense, which was the largest expense item in 1998, increased by \$18.1 billion (22.5%) to \$98.8 billion. Employee compensation rose 11.5% to \$65.3 billion. Total assets grew by \$117.5 billion to \$2,196.2 billion. Equity capital increased by \$13.7 billion to \$95.5 billion.

Table 12
UNCONSOLIDATED FINANCIAL INFORMATION FOR BROKER-DEALERS
1994 – 1998 1/
(\$ in Millions)

	1994	1995	1996	1997 ^r	1998 ^p
<u>Revenues</u>					
Securities Commissions	\$ 19,846.7	\$ 23,214.8	\$ 27,865.6	\$ 32,662.2	\$ 36,809.8
Gains (Losses) in Trading and Investment Accounts	20,218.6	28,962.7	30,768.2	35,957.7	32,811.3
Profits (Losses) from Underwriting and Selling Groups	6,843.8	8,865.2	12,613.3	14,611.0	16,309.6
Margin Interest	4,668.4	6,470.2	7,386.0	10,630.4	12,731.3
Revenues from Sale of Investment Company Shares	6,887.2	7,433.5	10,081.1	12,422.1	14,814.4
All Other Revenues	54,293.4	68,467.6	83,697.2	100,961.2	122,575.5
Total Revenues	\$ 112,758.1	\$ 143,414.0	\$ 172,411.5	\$ 207,244.7	\$ 236,052.0
<u>Expenses</u>					
Registered Representatives' Compensation (Part II Only) 2/	\$ 13,711.0	\$ 15,526.5	\$ 18,734.2	\$ 22,132.0	\$ 25,176.9
Other Employee Compensation and Benefits	20,552.2	22,285.4	27,901.7	31,404.9	35,034.0
Compensation to Partners and Voting Stockholder Officers	3,332.4	3,729.3	4,396.7	5,020.6	5,100.4
Commissions and Clearance Paid to Other Brokers	5,360.3	5,700.2	7,364.2	8,864.1	10,345.6
Interest Expenses	40,250.4	56,877.0	64,698.5	80,659.4	98,773.6
Regulatory Fees and Expenses	627.8	674.1	672.9	828.5	898.7
All Other Expenses 2/	25,431.8	27,296.4	31,664.9	38,371.2	43,578.1
Total Expenses	\$ 109,265.9	\$ 132,088.9	\$ 155,433.0	\$ 187,280.7	\$ 218,907.3
<u>Income and Profitability</u>					
Pre-tax Income	\$ 3,492.2	\$ 11,325.1	\$ 16,978.5	\$ 19,964.0	\$ 17,144.6
Pre-tax Profit Margin	3.1	7.9	9.8	9.6%	7.3%
Pre-tax Return on Equity	6.5	20.1	27.3	27.1	19.3%
<u>Assets, Liabilities and Capital</u>					
Total Assets	\$1,251,741.0	\$1,493,643.9	\$1,747,647.1	\$2,078,740.1	\$2,196,216.4
Liabilities					
(a) Unsubordinated Liabilities	1,169,136.6	1,403,655.1	1,645,303.5	1,949,026.3	2,045,597.9
(b) Subordinated Liabilities	28,809.7	31,279.2	36,577.4	47,877.6	55,129.0
(c) Total Liabilities	1,197,946.3	1,434,934.3	1,681,880.9	1,996,904.0	2,100,726.9
Ownership Equity	\$ 53,794.7	\$ 58,709.5	\$ 65,766.2	\$ 81,836.1	\$ 95,489.6
Number of Firms	7,632	7,722	7,774	7,796	7,706

Figures may not add due to rounding.

r = revised

p = preliminary

1/ Calendar, rather than fiscal, year data is reported in this table.

2/ Registered representatives' compensation for firms that neither carry nor clear is included in "other expenses" as this expense item is not reported separately on Part IIA of the FOCUS Report.

Source: FOCUS Report

Table 13
UNCONSOLIDATED ANNUAL REVENUES AND EXPENSES FOR BROKER-DEALERS
DOING A PUBLIC BUSINESS
1994 – 1998 1/
(\$ in Millions)

	1994	1995	1996	1997 ^r	1998 ^p
<u>Revenues</u>					
Securities Commissions	\$ 19,246.6	\$ 22,616.7	\$ 27,245.1	\$ 31,858.6	\$ 35,911.3
Gains (Losses) in Trading and Investment Accounts	18,918.3	27,088.1	28,322.0	31,802.8	28,992.0
Profits (Losses) from Underwriting and Selling Groups	6,840.5	8,865.0	12,613.3	14,612.2	16,294.1
Margin Interest	4,651.1	6,439.4	7,353.8	10,497.9	12,535.6
Revenues from Sale of Investment Company Shares	6,876.4	7,433.4	10,081.1	12,423.7	14,780.5
All Other Revenues	53,121.4	67,493.1	82,689.7	99,581.2	119,991.6
Total Revenues	\$109,654.3	\$139,935.6	\$168,305.0	\$200,776.4	\$228,505.1
<u>Expenses</u>					
Registered Representatives' Compensation (Part II only) 2/	\$ 13,689.0	\$ 15,506.2	\$ 18,646.0	\$ 22,046.4	\$ 25,024.7
Other Employee Compensation and Benefits	20,070.8	21,860.6	27,416.8	30,798.8	34,226.5
Compensation to Partners and Voting Stockholder Officers	3,096.1	3,511.3	4,121.9	4,730.8	4,833.1
Commissions and Clearance Paid to Other Brokers	5,088.4	5,457.4	7,099.3	8,421.0	9,847.9
Interest Expenses	39,582.1	55,823.3	63,595.3	78,689.2	96,291.5
Regulatory Fees and Expenses	534.6	616.2	622.3	771.7	837.3
All Other Expenses 2/	24,832.5	26,670.8	30,983.6	37,477.0	42,448.6
Total Expenses	\$106,893.5	\$129,445.9	\$152,485.2	\$182,934.8	\$213,509.7
<u>Income and Profitability</u>					
Pre-tax Income	\$ 2,760.8	\$ 10,489.7	\$ 15,819.8	\$ 17,841.6	\$ 14,995.4
Pre-tax Profit Margin	2.5%	7.5%	9.4%	8.9%	6.6%
Pre-tax Return on Equity	5.4%	19.7%	26.8%	25.7%	18.2%
Number of Firms	5,237	5,310	5,395	5,465	5,457

Figures may not add due to rounding.

r = revised

p = preliminary

1/ Calendar, rather than fiscal, year data is reported in this table.

2/ Registered representatives' compensation for firms that neither carry nor clear is included in "other expenses" as this expense item is not reported separately on Part IIA of the FOCUS Report.

Source: FOCUS Report

Table 14
**UNCONSOLIDATED BALANCE SHEET FOR BROKER-DEALERS
DOING A PUBLIC BUSINESS**
YEAR-END, 1994 – 1998 ^{1/}
(\$ in Millions)

	1994	1995	1996	1997 ^r	1998 ^p
<u>Assets</u>					
Cash	\$ 13,500.4	\$ 14,862.7	\$ 16,824.7	\$ 23,309.3	\$ 27,313.3
Receivables from Other					
Broker-dealers	342,000.1	358,556.9	477,645.9	590,731.7	716,049.0
Receivables from Customers	66,911.6	71,004.2	87,064.8	118,185.0	135,231.2
Receivables from Non-customers	7,258.1	7,421.0	7,080.4	11,852.2	16,814.3
Long Positions in Securities and Commodities	317,625.7	422,868.7	448,069.1	495,217.4	469,864.0
Securities and Investments not Readily Marketable	4,481.1	5,366.2	5,453.8	8,026.5	8,653.0
Securities Purchased Under Agreements to Resell (Part II only) ^{2/}	437,805.6	544,832.3	624,210.7	715,948.9	644,927.0
Exchange Membership	353.7	424.1	460.2	541.5	558.1
Other Assets ^{2/}	33,818.8	34,206.1	36,234.1	46,786.7	84,083.0
Total Assets	\$1,223,755.0	\$1,459,542.3	\$1,703,043.7	\$2,010,599.3	\$2,103,492.9
<u>Liabilities and Equity Capital</u>					
Bank Loans Payable	\$ 34,471.4	\$ 45,717.6	\$ 38,165.7	\$ 38,298.1	\$46,438.8
Payables to Other Broker-dealers	130,736.4	152,328.8	207,726.7	263,879.7	315,023.4
Payables to Non-customers	11,921.5	14,943.8	18,124.7	26,334.0	36,289.2
Payables to Customers	98,534.4	111,489.9	143,517.0	187,839.5	238,689.2
Short Positions in Securities and Commodities	196,807.9	195,149.3	236,586.2	246,437.4	222,584.9
Securities Sold Under Repurchase Agreements (Part II only) ^{2/}	591,423.1	767,676.1	852,523.9	991,752.6	931,443.5
Other Non-subordinated Liabilities ^{2/}	80,846.3	85,389.4	107,867.5	132,295.6	169,545.5
Subordinated Liabilities	28,493.5	30,931.3	36,229.5	47,422.6	54,595.4
Total Liabilities	\$1,173,234.6	\$1,403,626.3	\$1,640,741.1	\$1,934,259.4	\$2,014,610.0
Equity Capital	\$ 50,520.4	\$ 55,916.0	\$ 62,302.5	\$ 76,339.9	\$ 88,882.9
 Number of firms	 5,237	 5,310	 5,395	 5,465	 5,457

Figures may not add due to rounding.

r = revised

p = preliminary

^{1/} Calendar, rather than fiscal, year data is reported in this table.

^{2/} Resale agreements and repurchase agreements for firms that neither carry nor clear are included in "other assets" and "other non-subordinated liabilities," respectively, as these items are not reported separately on Part IIA of the FOCUS Report.

Source: FOCUS Report

Carrying and Clearing Firms

Data for carrying and clearing firms that do a public business is presented in more detail. Reporting requirements for firms that neither carry nor clear are less detailed. Carrying and clearing firms clear securities transactions or maintain possession or control of customers' cash or securities. These firms produced 82% of the securities industry's total revenues in calendar year 1998.

Brokerage activity accounted for about 24 cents of each revenue dollar in 1998, about the same as the level in 1997. Securities commissions remained the most important component, producing 14 cents of each dollar of revenue. Margin interest generated about six cents of each dollar of revenue, while revenues from mutual fund sales accounted for about four cents.

The dealer side produced 66 cents of each dollar of revenue in 1998, up from 64 cents in 1997. Thirteen cents came from trading and investments, a decline from 16 cents in 1997. Eight cents came from underwriting, about the same as in 1997. Forty-five cents came from other securities-related revenues, up about five cents from 1997. This revenue item is comprised primarily of interest income from securities purchased under agreements to resell and fees from handling private placements, mergers, and acquisitions.

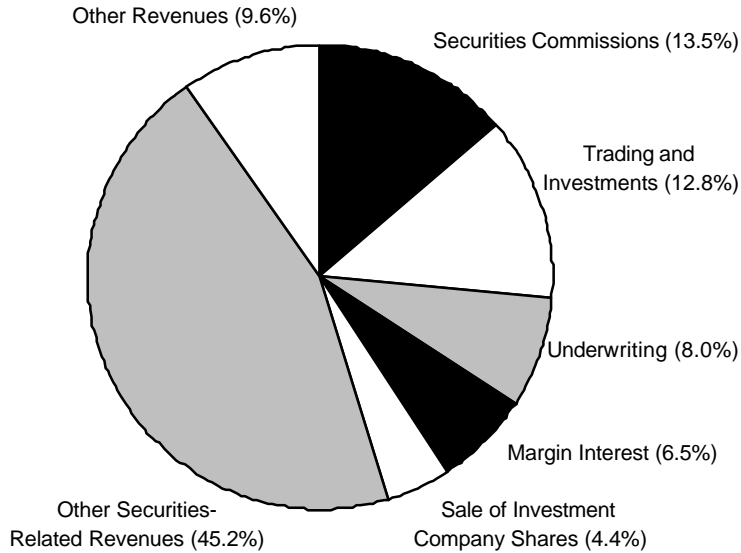
Expenses accounted for 94 cents of each revenue dollar in 1998, resulting in a pre-tax profit margin of six cents per revenue dollar, about two cent less than that in 1997. Interest expense was the most important expense item, accounting for 49 cents of each revenue dollar in 1998 compared to 45 cents in 1997. Employee-related expenses—compensation received by registered representatives, partners and other employees—consumed 28 cents of each revenue dollar in 1998, about the same as in 1997.

Total assets of broker-dealers carrying and clearing customer accounts were \$2,040 billion at year-end 1998, a 4% increase from 1997. Relative to other assets, the value of reverse repurchase agreements and the securities inventory on the books of broker-dealers declined during 1998, while the value of receivables from customers and other broker-dealers increased.

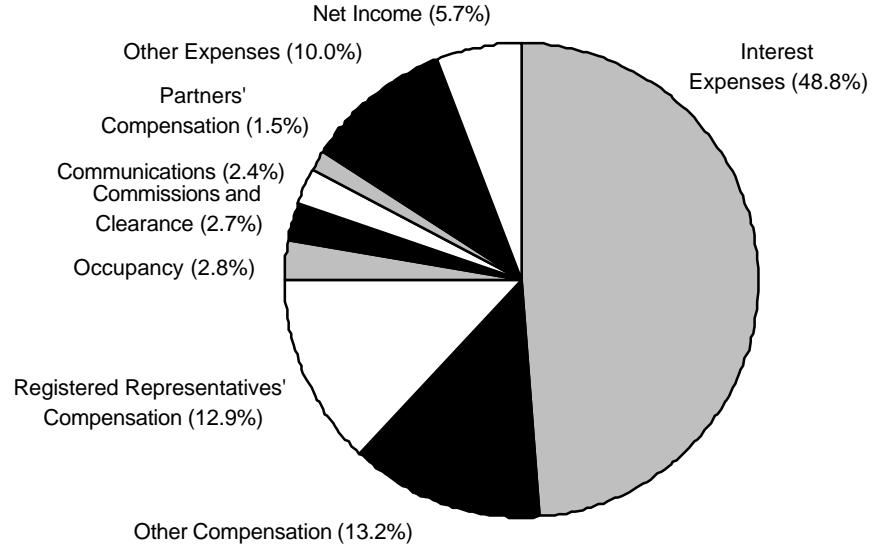
Total liabilities increased by about 4% to \$1,972 billion in 1998. Owners' equity rose by 13% to \$68.5 billion.

Table 15
Securities Industry Dollar in 1997
For Carrying/Clearing Firms

Sources of Revenue



Expenses



Figures may not sum to 100% due to rounding.
 Note: Includes figures for firms that carry customer accounts or clear securities transactions.
 SOURCE: FOCUS Reports

Securities Traded on Exchanges

Market Value and Volume

The market value of equity and option transactions (trading in stocks, options, warrants, and rights) on registered exchanges totaled \$8.7 trillion in 1998. Of this total, approximately \$8.3 trillion, or 96%, represented the market value of transactions in stocks, rights, and warrants; \$354 billion, or 4% were options transactions (including exercises of options on listed stocks).

The value of equity and option transactions on the New York Stock Exchange (NYSE) was \$7.3 trillion, up 24.4% from the previous year. The market value of such transactions on the American Stock Exchange (AMEX) increased 74.4% to \$355.3 billion and increased 28.4% to \$1.0 trillion on all other exchanges. The volume of trading in stocks (excluding rights and warrants) on all registered exchanges totaled 206.4 billion shares, a 28.9% increase from the previous year, with 86.6% of the total accounted for by trading on the NYSE.

The volume of options contracts traded (excluding exercised contracts) was 406.3 million contracts in 1998, 15% greater than in 1997. The market value of these contracts increased 22.9% to \$269 billion. The volume of contracts executed on the Chicago Board Options Exchange increased 10.5% to 206.7 million. Option trading on the AMEX and Pacific Stock Exchange rose 15.2% and 26.3% respectively while option trading on the Philadelphia Stock Exchange increased 28.4%.

Nasdaq (Share Volume and Dollar Volume)

Nasdaq share volume and dollar volume information has been reported on a daily basis since November 1, 1971. At the end of 1998, there were 5,583 issues in the Nasdaq system, as compared to 6,208 a year earlier and 3,050 at the end of 1980.

Share volume for 1998 was 202.0 billion, compared to 163.9 billion in 1997 and 6.7 billion in 1980. The dollar volume of shares traded in the Nasdaq system was \$5.8 trillion during 1998, compared to \$4.5 trillion in 1997 and \$68.7 billion in 1980.

Share and Dollar Volume by Exchange

Share volume on all registered stock exchanges totaled 206.8 billion, an increase of 29% from the previous year. The NYSE accounted for 87% of the 1998 share volume; the AMEX, 4%; the Chicago Stock Exchange, 5%, and the Pacific Stock Exchange, 2%.

The dollar value of stocks, rights, and warrants traded was \$8.3 trillion, 26.7% higher than the previous year. Trading on the NYSE contributed 88% of the total. The Chicago Stock Exchange and Pacific Stock Exchange contributed 4% and 2% respectively. The AMEX accounted for 3% of dollar volume.

Table 18
MARKET VALUE OF EQUITY/OPTIONS SALES ON U.S. EXCHANGES ^{1/}
 (\$ in Thousands)

	Total Market Value	Stocks ^{2/}	Warrants	Rights	Equity Options		Non-Equity Options ^{3/}	
					Traded	Exercised		
All Registered Exchanges for Past Six Years								
Calendar Year:	1993	2,728,667,287	2,609,854,352	584,699	65,339	33,779,350	42,983,539	41,400,009
	1994	2,956,599,170	2,816,810,031	678,024	183,095	35,883,322	44,457,669	58,587,028
	1995	3,678,326,943	3,506,785,001	970,523	235,647	50,802,752	51,461,348	68,071,671
	1996	4,719,336,203	4,510,874,989	869,986	34,861	67,861,575	59,451,448	80,243,345
	1997	6,855,461,663 ^{r/}	6,559,348,106	616,256	27,363	104,535,151	76,475,307 ^{r/}	114,459,480
	1998	8,662,523,260	8,307,341,289	740,879	73,342	140,260,828	85,290,489	128,816,435
Breakdown of 1998 Data by Registered Exchanges								
All Registered Exchanges								
Exchanges:	AMEX	355,329,601	279,826,792	115,737	16,952	44,312,614	24,667,299	6,390,207
	BSE	131,133,138	131,133,138	0	0	0	0	0
	CHX ^{4/}	326,183,920	326,183,920	0	0	0	0	0
	CSE	81,479,746	81,479,746	0	0	0	0	0
	NYSE	7,275,068,062	7,274,404,929	606,805	56,328	0	0	0
	PSE	182,075,396	148,292,638	16,629	61	22,952,264	10,757,331	56,473
	PHLX	96,971,587	65,013,438	1,708	0	15,591,093	10,715,098	4,650,250
	CBOE	214,281,811	6,688	0	0	57,404,858	39,150,760	117,719,505

Figures may not sum due to rounding.

^{1/} Data on the value and volume of equity security sales is reported in connection with fees paid under Section 31 of the Securities Exchange Act of 1934 as amended by the Securities Acts Amendments of 1975. It covers odd-lot as well as round-lot transactions.

^{2/} Includes voting trust certificates, certificate of deposit for stocks, and American Depositary Receipts for stocks but excludes rights and warrants.

^{3/} Includes all exchange trades of call and put options in stock indices, interest rates, and foreign currencies.

^{4/} The Chicago Stock Exchange was formerly the Midwest Stock Exchange. The name change took effect on June 11, 1993.

r=Revised

Source: SEC Form R-31 and Options Clearing Corporation Statistical Report.

Table 19
VOLUME OF EQUITY/OPTIONS SALES ON U.S. SECURITIES EXCHANGES 1/
(in Thousands)

		Stocks 2/ (Shares)	Warrants (Units)	Rights (Units)	Equity Options		Non-Equity Options 3/ (Contracts)
					Traded (Contracts)	Exercised (Contracts)	
All Registered Exchanges for Past Six Years							
Calendar Year:	1993	82,808,842	166,223	81,172	131,726	9,973	100,871
	1994	90,481,798	171,462	133,343	149,933	10,544	131,448
	1995	106,392,534	405,123	271,999	174,380	11,779	112,917
	1996	125,746,598	136,314	39,666	199,117	12,446	95,680
	1997	159,712,233	87,153	57,288	272,999	15,901	80,824
	1998	206,425,002	66,041	329,502	329,642	17,603	76,701
Breakdown of 1998 Data by All Registered Exchanges							
Exchanges:	All Registered Exchanges						
	AMEX*	7,646,667	30,123	2,073	98,177	5,070	3,329
	BSE*	3,146,641	0	0	0	0	0
	CHX	9,451,929	0	0	0	0	0
	CSE*	1,688,645	0	0	0	0	0
	NYSE*	178,890,709	34,650	327,396	0	0	0
	PSE	3,962,869	1,199	33	58,931	2,693	41
	PHLX*	1,637,028	68	0	34,027	2,302	4,972
	CBOE*	513	0	0	138,507	7,538	68,359

Figures may not sum due to rounding.

* Data of those exchanges marked with asterisk covers transactions cleared during the calendar month; clearance usually occurs within five days of the execution of a trade. Data of other exchanges covers transactions effected on trade dates falling within the reporting month.

1/ Data on the value and volume of equity security sales is reported in connection with fees paid under Section 31 of the Securities Exchange Act of 1934 as amended by the Securities Acts Amendments of 1975. It covers odd-lot as well as round-lot transactions.

2/ Includes voting trust certificates, certificate of deposit for stocks, and American Depositary Receipts for stocks but excludes rights and warrants.

3/ Includes all exchange trades of call and put options in stock indices, interest rates, and foreign currencies.

Source: SEC Form R-31 and Options Clearing Corporation Statistical Report.

Table 20
SHARE VOLUME BY EXCHANGES 1/
(In Percentages)

Year	Total Share Volume (in Thousands)	NYSE	AMEX	CHX	PSE	PHLX	BSE	CSE	Others 2/
1945	769,018	65.87	21.31	1.77	2.98	1.06	0.66	0.05	6.30
1950	893,320	76.32	13.54	2.16	3.11	0.97	0.65	0.09	3.16
1955	1,321,401	68.85	19.19	2.09	3.08	0.85	0.48	0.05	5.41
1960	1,441,120	68.47	22.27	2.20	3.11	0.88	0.38	0.04	2.65
1965	2,671,012	69.90	22.53	2.63	2.33	0.81	0.26	0.05	1.49
1970	4,834,887	71.28	19.03	3.16	3.68	1.63	0.51	0.02	0.69
1975	6,376,094	80.99	8.97	3.97	3.26	1.54	0.85	0.13	0.29
1980	15,587,986	79.94	10.78	3.84	2.80	1.54	0.57	0.32	0.21
1985	37,187,567	81.52	5.78	6.12	3.66	1.47	1.27	0.15	0.03
1990	53,746,087	81.86	6.23	4.68	3.16	1.82	1.71	0.53	0.01
1991	58,290,641	82.01	5.52	4.66	3.59	1.60	1.77	0.86	0.01
1992	65,705,037	81.34	5.74	4.62	3.19	1.72	1.57	1.83	0.01
1993	83,056,237	82.90	5.53	4.57	2.81	1.55	1.47	1.17	0.00
1994	90,786,603	84.55	4.96	3.88	2.37	1.42	1.39	1.42	0.01
1995	107,069,656	84.49	4.78	3.67	2.56	1.39	1.45	1.66	0.00
1996	125,922,577	85.95	4.29	3.37	2.40	1.28	1.29	1.42	0.00
1997	159,856,674	86.85	3.88	3.75	2.01	1.09	1.24	1.18	0.00
1998	206,820,545	86.67	3.71	4.57	1.92	0.79	1.52	0.82	0.00

1/ Share volume for exchanges includes stocks, rights, and warrants; calendar, rather than fiscal, year data is reported in this table.

2/ Includes all exchanges not listed individually.

Source: SEC Form R-31

Table 21
DOLLAR VOLUME BY EXCHANGES ^{1/}
(In Percentages)

Year	Total Dollar Volume (in Thousands)	NYSE	AMEX	CHX	PSE	PHLX	BSE	CSE	Others ^{2/}
1945	\$ 16,284,552	82.75	0.81	2.00	1.78	0.96	1.16	0.06	0.48
1950	21,808,284	85.91	6.85	2.35	2.19	1.03	1.12	0.11	0.44
1955	38,039,107	86.31	6.98	2.44	1.90	1.03	0.78	0.09	0.47
1960	45,309,825	83.80	9.35	2.72	1.94	1.03	0.60	0.07	0.49
1965	89,549,093	81.78	9.91	3.44	2.43	1.12	0.42	0.08	0.82
1970	131,707,946	78.44	11.11	3.76	3.81	1.99	0.67	0.03	0.19
1975	157,256,676	85.20	3.67	4.64	3.26	1.73	1.19	0.17	0.14
1980	476,500,688	83.53	7.33	4.33	2.27	1.61	0.52	0.40	0.01
1985	1,200,127,848	85.25	2.23	6.59	3.06	1.49	1.20	0.18	0.00
1990	1,616,798,075	86.15	2.33	4.58	2.77	1.79	1.63	0.74	0.00
1991	1,778,154,074	86.20	2.31	4.34	3.05	1.54	1.72	0.83	0.01
1992	2,032,684,135	86.47	2.07	4.28	2.87	1.70	1.52	1.09	0.00
1993	2,610,504,390	87.21	2.08	4.10	2.38	1.52	1.35	1.37	0.00
1994	2,817,671,150	88.08	2.01	3.49	2.09	1.34	1.31	1.68	0.00
1995	3,507,991,171	87.71	2.10	3.26	2.24	1.27	1.43	1.99	0.00
1996	4,511,779,836	88.91	1.91	3.01	2.03	1.19	1.32	1.63	0.00
1997	6,559,991,725	89.13	2.13	3.25	1.87	1.01	1.23	1.38	0.00
1998	8,308,155,509	87.57	3.37	3.93	1.79	0.79	1.58	0.98	0.00

^{1/} Dollar volume for exchanges includes stocks, rights, and warrants; calendar, rather than fiscal, year data is reported in this table.

^{2/} Includes all exchanges not listed individually.

Source: SEC Form R-31

Table 22
SECURITIES LISTED ON EXCHANGES^{1/}
December 31, 1998

EXCHANGE	COMMON		PREFERRED		BONDS		TOTAL SECURITIES	
	Number	Market Value (in Millions)	Number	Market Value (in Millions)	Number	Value ^{2/} (in Millions)	Number	Value (in Millions)
Registered:								
Domestic Securities								
American	792	149,700	NA	NA	NA	66	792	149,766
Boston	95	3,626	1	1	0	0	96	3,627
Cincinnati	0	0	0	0	0	0	0	0
Chicago	17	354	0	0	0	0	17	354
New York	2,503	10,332,200	419	52,600	1,653	2,499,000	4,575	12,883,800
Pacific p/	16	145	3	0.2	1	1	20	146
Philadelphia	12	275	22	254	1	34	35	562
Total	3,435	10,486,300	445	52,855	1,655	2,499,101	5,535	13,038,256

Includes Foreign Stocks:

New York	398	466,100	62	13,600	205	55,200	665	534,900
American	60	31,552	0	0	0	0	60	31,552
Boston	10	131	0	0	0	0	10	131
Chicago	1	6	0	0	0	0	1	6
Pacific p/	3	31	0	0	0	0	3	31
Philadelphia	0	0	0	0	0	0	0	0
Total	472	497,821	62	13,600	205	55,200	739	566,621

p=preliminary

n.a. = Not Applicable

Figures may not sum due to rounding

^{1/} Excludes securities that were suspended from trading at the end of the year and securities that, because of inactivity, had no available quotes.

^{2/} Principal value for all exchanges, except Philadelphia (PHLX). PHLX could provide only market value. The American and New York exchanges no longer can provide market values for bonds.

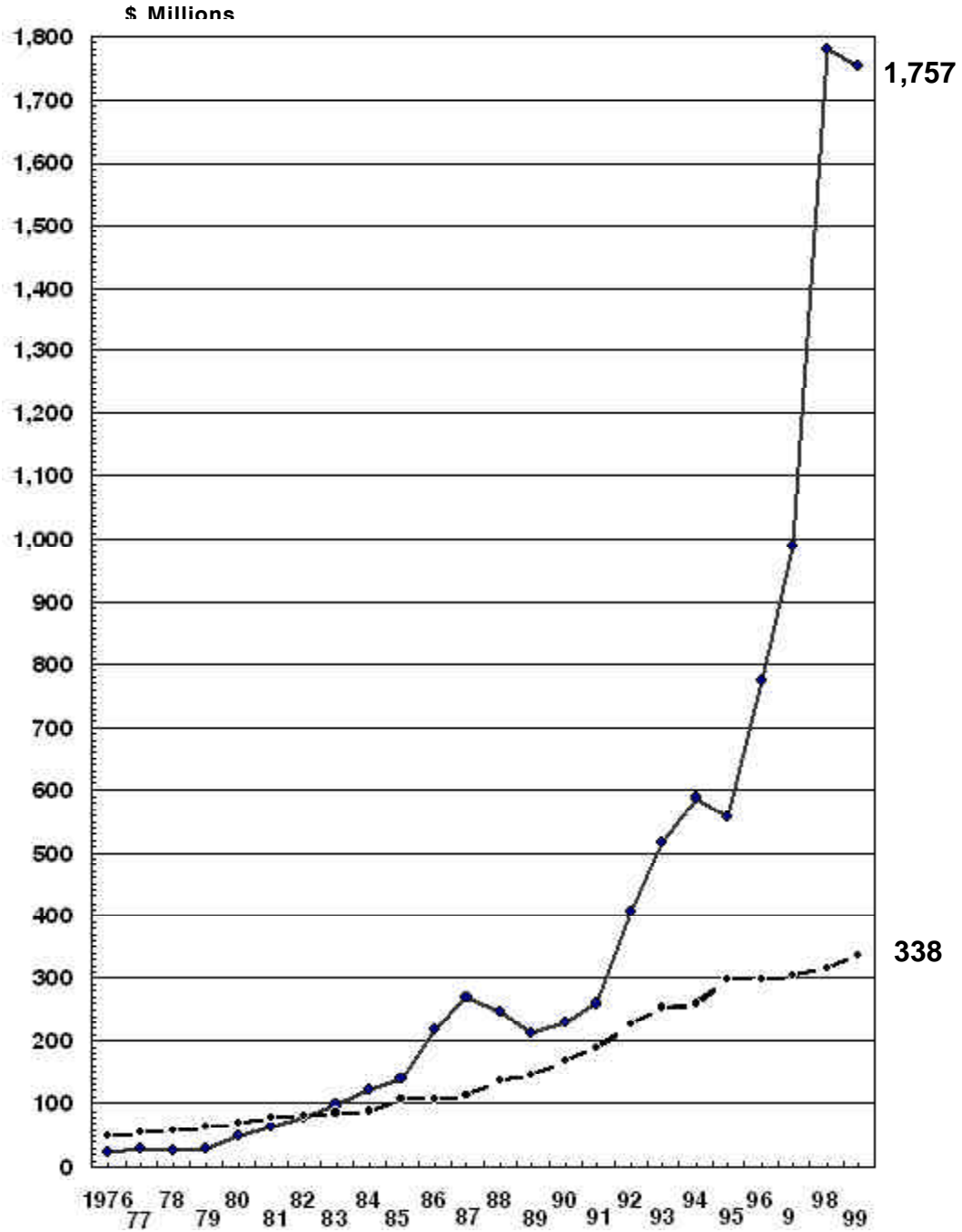
Source: SEC Form 1392

Table 23
 VALUE OF STOCKS LISTED ON EXCHANGES
 (\$ in Billions)

As of Dec 31	New York Stock Exchange	American Stock Exchange	Exclusively On Other Exchanges	Total
1940	\$ 46.5	\$ 10.1	\$	\$ 56.6
1945	73.8	14.4	.....	88.2
1950	93.8	13.9	3.3	111.0
1955	207.7	27.1	4.0	238.8
1960	307.0	24.2	4.1	335.3
1965	537.5	30.9	4.7	573.1
1970	636.4	39.5	4.8	680.7
1975	685.1	29.3	4.3	718.7
1980	1,242.8	103.5	2.9	1,349.2
1985	1,882.7	63.2	5.9	1,951.8
1990	2,692.1	69.9	3.9	2,765.9
1991	3,547.5	90.3	4.3	3,642.1
1992	3,877.9	86.4	5.9	3,970.2
1993	4,314.9	98.1	7.2	4,420.2
1994	4,240.8	86.5	4.7	4,332.0
1995	5,755.5	113.3	6.8	5,875.6
1996	6,947.7	106.2	5.7	7,059.6
1997	9,413.1	131.3	3.6	9,548.0
1998	10,385.8	149.7	3.7	10,539.2

Source: SEC Form 1392

Table 24
 APPROPRIATED FUNDS vs FEES* COLLECTED



* Excludes disgorgements from fraud actions.

Table 25
BUDGET ESTIMATES AND APPROPRIATIONS

Action	Fiscal 1995		Fiscal 1996		Fiscal 1997		Fiscal 1998		Fiscal 1999	
	Positions	\$000	Positions	\$000	Positions	\$000	Positions	\$000	Positions	\$000
Estimate Submitted to the Office of Management and Budget	3,039	\$297,376	3,353	\$350,766	3,039	\$317,294	3,039	\$317,412	2,827	339,098
Action by the Office of Management and Budget	+133	+8,624	-87	-7,844	...	-9,105	...	...	...	+2,000
Amount Allowed by the Office of Management and Budget	3,172	306,000	3,296	342,922	3,039	\$308,189	3,039	317,412	2,827	341,098
Action by the House of Representatives	-133	-9,126	-257	-45,517	...	-11,168	...	-2,412	...	-17,098
Subtotal	3,039	296,874	3,039	297,405	3,039	297,021	3,039	315,000	2,827	324,000
Action by the Senate	+133	+7,708	...	...	...	+9,379	...	+2,412	+274	+17,098
Subtotal	3,172	304,582	3,039	297,405	3,039	306,400	3,039	317,412	3,101	341,098
Action by Conferees	-133	-7,177	...	...	...	-1,000	...	315,000	...	-11,098
Annual Appropriation	3,039	297,405	3,039	297,405	3,039	305,400	...	315,000	3,101	330,000
Supplemental Appropriation	...	...	...	...	...	...	...	...	...	+8,175
Sequestration / Other	...	-568	...	-384	...	...	...	...	...	-458
Use of prior year unobligated Balances	...	+3,600	...	+3,900	...	5,700	...	5,100	...	+18,357
Total Funding Level	3,039	\$300,437	3,039	300,921	3,039	311,100	3,039	320,100	3,101	356,074