the account ” by effecting a sale, or purchase, of the stock he has operated in, or he may request his broker to “ carry over ” the bargain or “ continue ” it until the next account. This operation may be repeated as often as the client chooses, provided the broker is ready to give the required facilities. But the broker is under no obligation to carry over, and in times of difficulty, when money is dear, or politics threatening, he would very likely decline to do so. Since about 1890 an increasing number of speculative trans­actions have been effected in a manner which disguises their real character; the security is, to all appearance, bought and paid for in the Stock Exchange, but the client has, as a matter of fact, obtained the money by "pawning” the security with a bank. For many years the relations between the Stock Exchange and the money market in its wider sense (see Market) have been becoming closer; banks now lend more freely than they used to, and on a wider range of securities; but they also lend more often direct to the holder of the securities borrowed on, and not through a member of the Stock Exchange. Formerly the, usual practice of those banks which had considerable business with the Stock Exchange was to lend large sums on high-class stocks to wealthy brokers, who employed the money inside the house in carrying over the accounts of their clients, or to other brokers whom they trusted. This class of business is still very large, but clients are not now always satisfied to borrow through their brokers; they not infrequently go direct to banks and borrow from them. This practice has its inconveniences: formerly it was possible for the jobbers in all important markets on the Stock Exchange to form a good idea, by comparing notes at each settlement, of what the condition of the speculative account really was, but it is less easy to do so now, because so much stock is ii pawned ” with banks that the conclusions arrived at by the jobbers from examining only what they are carrying over themselves are liable to be falsified through their finding (*a*) that the account is either lighter than they expected, stock having been taken off the market temporarily by means of loans obtained from banks; or (*b*) that it is much heavier than they were pre­pared for, the banks having suddenly refused to lend any longer on a mass of stock they had hitherto been carrying. Banks are apt to be more capricious in their action as regards this class of business than the big “money brokers ”; they cannot so well feel the pulse of the market, and are therefore liable to sudden fits of alarm, and also to hurried changes of policy on the part of their boards, which may be, and usually are, based on sound principles, but are not infrequently carried out without sufficient regard to the circumstances existing at the moment chosen for putting them in practice.

Speculative dealings sometimes take the form of “ options. ” An option is a right to buy or sell a specified quantity of a speci­fied security at a certain price, within a specified period; for this right a sum of cash is paid which is usually quoted as a percentage on the face value of the security. Having paid this sum the purchaser of the option watches the market during the period fixed; if a rise or fall sufficient to show a profit occurs he sells or buys an amount of the security equal to that bargained for in the option contract and informs the broker with whom he “ did the option ” that he “ calls ” the security from, or “ puts ” it on him. If no move­ment, or an insufficient movement, occurs in the price during the specified period, the “ option ” is “ abandoned.” This form of transaction is often a useful one for a business man, but attempts have been made to represent it as a “ safe ” way of making money on the ground that “ risk is limited,” and, as such, it has been recommended to inexperienced persons who are foolish enough to wish to speculate without comprehending the nature of speculation. Option dealings are neither more nor less “ safe ” than other speculative operations. Brokers who quote prices for an option always fix them at a level which will, on the average, make their own positions safe, and their clients, unless they are unusually acute and well informed, are not more likely to make exceptional, or any, profits than by the more usual speculative methods.

During recent years the volume of transactions in interest-bearing securities has grown enormously in all the great cities of the world. In London the membership of the Stock Exchange, the number of securities quoted in the official list, and the number of securities dealt in, have expanded greatly, and the markets in New York and Paris, especially the former, have acquired enhanced importance. The Berlin Bourse, the business of which was steadily growing during the 'eighties and early ’nineties, was checked in its expansion after 1896 by drastic legislation passed in July of that year against bargains for future delivery, and much of the business of German speculators has been done since then in other exchanges, especially London, Amsterdam and Brussels, but it has grown nevertheless, and if the existing restrictions are removed will grow more. Com­munication between the various great cities of the world is much closer than it was before the telephone came into use; what is known as arbitrage business having attained very large propor­tions. This class of business consists in watching closely the fluctuations in certain securities which are dealt in in two big markets, and simultaneously selling in one and buying in the other. Previous to 1884 and 1885 it was chiefly confined to operations between London and Paris, the difference in the times of London and New York having up till then prevented the growth of a similar business between those cities, as New York morning prices do not reach London till about 3·15 p.m., and the London Stock Exchange is shut at 4 p.m. But in London, about the middle of the ’eighties, the practice of staying in “ the street,” after the Stock Exchange was shut, to deal in “Americans,” began to become common, though many old-fashioned brokers set their faces against it. It is worth noting that in most of the foreign cities there has always been a disposition to stay later than in London, where it was formerly the rule to cease business definitely at a more or less fixed hour. Since 1885 there has been more laxity in this respect, but it is not even yet the practice to do business in the evening. In Paris, dealing “ on the boulevard ” goes on intermittently in summer as late as 9 p.m. when trade is active.

The market for mining shares had, up to about 1888, held a very small place in the business of the Stock Exchange, but the discovery of an extensive goldfield on the Witwatersrand in the Transvaal produced a great change. At first, although the transactions in the new group of securities were very large, and enormous sums of money were won and lost in them, the “ Kaffir circus,” as it was called, was regarded with contempt by the older *habitués* of the Stock Exchange, and it was not until the winter of 1894-1895, when the number of brokers engaged in the new market had become greater than those in any other, that special recognition was given to the mining department by a rule that the arrangements for carrying over bargains in mining shares should begin the day before the regular settlement commenced (see Account). Even with these new facilities the Stock Exchange clearing house found it difficult to cope with the huge mass of work throwrn on it in 1895, and once or twice it broke down temporarily. Much of the trouble to all concerned arose from the fact that mining shares, like nearly all securities dealt in in London, were “ registered ” and not “ to bearer.” The offices of the companies were naturally not equipped with the staffs that would have enabled them to furnish certificates promptly in the enormous quantities unexpectedly required: it must be remembered that the preparation of a certificate for 50 or 100 shares of £1 each is just as troublesome as the preparation of one for 500 or 1000. The new feature, which upset all calculations, was the extra­ordinary number of small speculative investors who bought and paid for their shares, very often to their subsequent regret. If the shares had been “ to bearer, ” the work could have been done with comparative ease.

Another remarkable feature of the “ boom,” to use the slang which came into general use during the great speculative mania for South African shares in 1895, was the fact that of the 200 or 300 shares dealt in, less than a dozen were officially quoted.