THE LONDON MARKET.

Business in "Americans" and "Canadians" is Increasing—Some Notes for the Man Seeking Its Favor.

The London market is recognized as the greatest international market in the world. The business in "Americans" and "Canadians" has become very large within the last ten years and the trading in both is now a popular feature in that market. Mr. L. A. Dessar gives some interesting details in the New York Bankers' Magazine respecting the London market for American securities. Every partner of a London stock exchange firm, he says, must be a member of the Exchange. This assures the closest attention of the execution of orders.

Difference in Time.

The London market affords four hours for the execution of orders before the opening of the New York Stock Exchange, thus; the London Stock Exchange opens at 11 a.m. and closes at 4 p.m., London time, (6 a.m. to 11 a.m., New York time), then continues in "Shorter's Court" (The Curb) until 8 p.m., London time, (3 p. m., New York time). Announcement of important news is frequently made after the close of the New York Stock Exchange. This may be taken advantage of in the London market early the following morning.

An account in American stocks may be opened or commitments in the New York market may be protected by orders given for execution in London, while the New York Stock Exchange is closed. Unless limited as to time, orders given before the New York opening are held subject to execution until 9.45 a. m., New York time. Orders given during the business session are open for the balance of the day, unless otherwise stated.

As To The Settlement.

Settlements are made fortnightly instead of daily as in New York. Each adjustment lasts three days, but does not interfere with the continuation of business. On the first day, so-called "Contango Day," all positions, long or short, are carried over for the next account, unless the broker is notified in proper time that the client desires to take up securities bought, or deliver those sold.

The actual delivery of securities takes place on the last day, so-called "Pay, or Account Day."

On the second day, called "Ticket Day," clearing-house tickets are exchanged.

Adjustments to Market Price.

On "Contango Day" all commitments carried over are adjusted to the market price then ruling, termed "making up price." These are fixed by the London Exchange. The interest rate (called "Contango") is agreed upon between brokers. Accounts are made up, and the client is required to remit in cash any differences that may be against him, or he may withdraw any credit balance.

On stocks bought and sold between settlements no interest is charged, but on stocks carried over, interest commences on "Account Day," and is charged for the full settlement on stocks long and allowed on stocks short. This does not prevent evening up of commitments at any time.

Notes of Commissions Charged.

Commissions are charged at the rate of 6d. (12c.) per share or about $12.50 per 100 shares; but no commission is charged for carrying over, or for the delivery or receiving of stocks.

A contract tax is charged on purchases and sales on the amount of money involved as follows:—

Where the value of the stock or marketable security is £5 and does not exceed £100 6d.

Exceeds £	Does not exceed £	
100	500	1 sh
500	1,000	2 sh
1,000	1,500	3 sh
1,500	2,500	4 sh
2,500	5,000	6 sh
5,000	7,500	8 sh
7,500	10,000	10 sh
10,000	12,500	12 sh
12,500	15,000	14 sh
15,000	17,500	16 sh
17,500	20,000	18 sh
20,000		1 £

Generally no margin is required but, as stated before, on Contango Day, stocks are adjusted to the market price and differences are settled. If in favor of the client the amount placed to his credit and subject to his disposal, if against the client, he is required to remit. In an active market, with wide fluctuations, he is supposed to keep all commitments to the market price between settlements.

To those unfamiliar with the reason for the differences in prices between the two markets the following explanation may be of service. While London quotations for American securities are quoted at dollars per share, these are based on the fixed value of five dollars for one pound sterling, whereas the actual value of the pound is governed by the fluctuating rate of exchange.

For an approximate example, take a London price, say eighty-five, divide it by five to reduce it to the amount in pounds sterling which will be seventeen pounds, multiply it by the current rate of exchange, say $4.86. This will give $82.62 as the New York equivalent.

To change New York price into London parity, multiply New York price by five then divide by current rate of exchange.

Stocks dealt in London at pound sterling per share, multiply by the rate of exchange only.

The code system and cable service have been so perfected that orders from New York can usually be executed in London and report received within ten minutes.

Options and Their Uses.

One of the greatest advantages the London market affords is in purchasing privileges or options as they offer means for speculation, as well as protection and a limit to liability. They are issued under the rules and regulations of the London Stock Exchange and mature at stated settlements only.

But trading against privileges may be done in the interim either in London or New York.

The simplest forms of these options are the puts and calls. The cost is regulated according to the stock selected and the time of maturity.

The buyer of a call for a certain cash payment, called premium, has the right to call the stock on option day at the price fixed at the time of making the call. This price is always the market price plus interest. For example, take a stock selling at fifty at the time of purchasing the call, and the call is wanted for the settlement at the end of three months. The call price will be fifty and one-half (which is figuring the interest at four per cent. for the three months on fifty).

Has the Reverse Privilege.

The purchaser of a put has the reverse privilege. By paying a certain premium in cash for the option he may put (deliver) the stock at maturing settlement, at the price fixed when the put was made which was the market price plus interest.

For example: Stock selling at par (100) plus three months' interest at three per cent. (three-quarter per cent.) gives a put price of 100¾.

A "straddle" is a combination of put and call, and the cost is double that of a single option. It is issued at the market price plus interest for a stated settlement. This form of option gives to the holder a broader opportunity for trading. Dividends and rights go with the stock and are allowed on the call and deducted from the put price.

Dividends are subject to the English income tax, which is now fourteen pence (28 cents) on each one pound sterling ($5) dividend and is charged to the client long of the stock and credited to the one short.

Fancy Options.

A fancy put or call is a contract where the price is made away from the market and costs less in premium money. If, for instance, a regular call would be quoted three per cent. at market plus interest, a fancy call could be bought for two per cent. premium and about two per cent. above the market, plus interest. A put about two per cent. under the market price would cost about two per cent. cash.

Options expire the day preceding the first settlement day, called Option Day, and the broker will exercise the privilege if advantageous to the owner without previous instruction, unless notified to the contrary.

Privileges, Options, etc.

The flexibility of privileges can readily be seen by the fact that they not only offer opportunity to enter speculation either as "bull" or "bear" and to protect a position in the market, but they can easily be converted from one side of the market to another, so a quick change of position may be accomplished. A call may be converted into by selling the stock or into a straddle by selling half the stock, etc.

The Temiskaming & Northern Ontario Railway Commission has settled upon its plans for the extension of the Porcupine branch through the Pearl Lake district to the Campbell Veteran claim west of the Hollinger. This terminal will mean the creation of an entirely new town, which will be named Timmins. The lots will be offered by public auction.