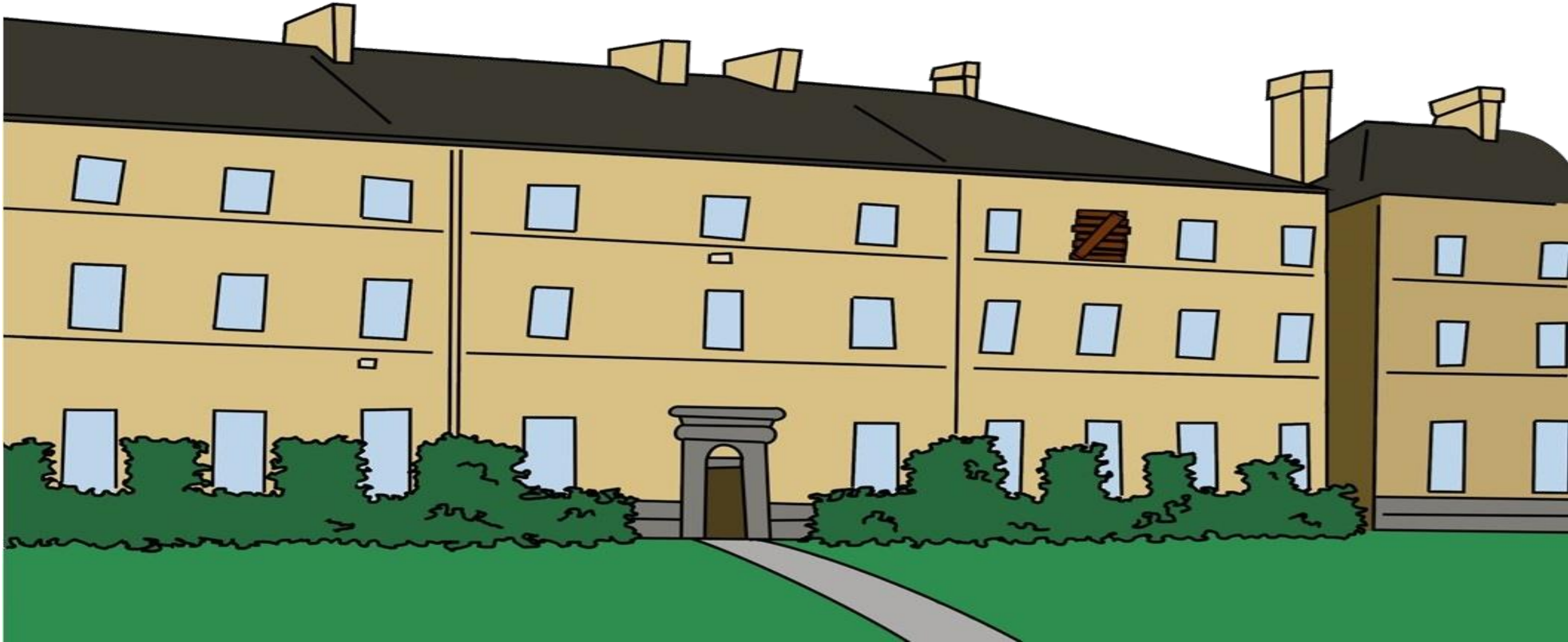


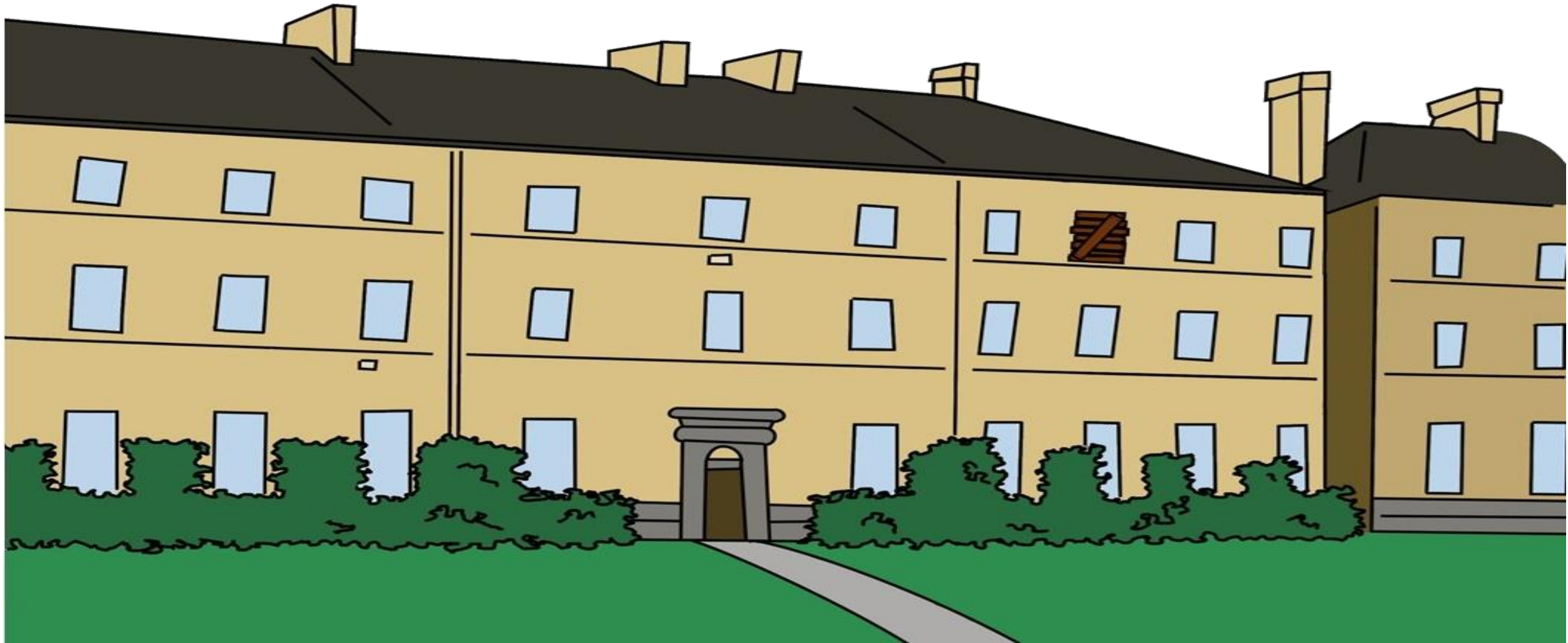
# Baker Street *Elementary*

PRESENTS  
"THE LIFE AND TIMES IN VICTORIAN LONDON"



# Baker Street Elementary

THE LIFE AND TIMES IN VICTORIAN LONDON  
# 084 -- TAKING STOCK -- FEBRUARY, 2022





**WELCOME TO TOPIC # 084... TODAY, WATSON AND I WILL BE LOOKING AT STOCKS, STOCK MARKETS AND STOCK BROKERS IN THE VICTORIAN PERIOD.**





**STOCK BROKERAGE FIRMS ARE MENTIONED IN  
TWO DIFFERENT CASES IN THE SHERLOCK  
HOLMES' STORIES.**





IN ADDITION TO 'THE ADVENTURE OF THE STOCKBROKER'S CLERK,' JAMES DODD IN 'THE ADVENTURE OF THE BLANCHED SOLDIER' WORKED AS A STOCKBROKER ON THROGMORTON STREET.



**WHILE STOCKBROKING HAS EXISTED FOR ALMOST A THOUSAND YEARS, SUCH FIRMS DID NOT BECOME PROMINENT IN ENGLAND UNTIL THE 1800s.**



THE ROLE OF THE ENGLISH STOCKBROKER AND THE  
PLACE WHERE THEY OPERATED — THE 'EXCHANGE'  
— EVOLVED OVER TIME.





**THE FIRST ORGANIZED SYSTEM BEGAN IN FRANCE  
IN THE ELEVENTH CENTURY AS A MEANS OF  
REGULATING THE BUYING AND SELLING OF  
AGRICULTURAL DEBT.**



**IN THE 1300s, COMMODITY TRADERS SET UP  
HOUSES IN MAJOR CITIES SUCH AS AMSTERDAM.**





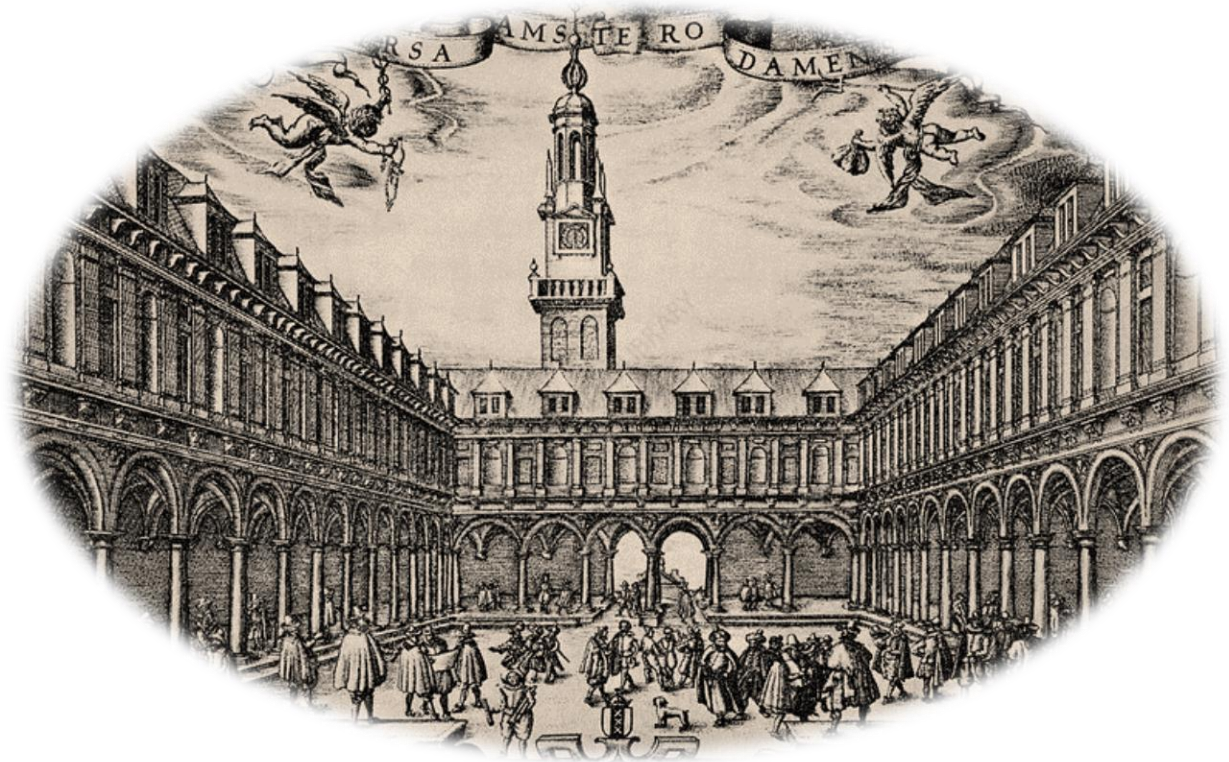
**TRADITIONALLY, COMPANIES WERE OWNED BY  
INDIVIDUALS OR A SMALL GROUP.**



AMSTERDAM. | LA GRANDE PLACE



AS BUSINESS VENTURES GREW LARGER, HOWEVER,  
THEY PROVED TO BE RISKIER AS WELL AS  
REQUIRING GREATER FUNDS.



**DISCOVERY VOYAGES, OVERSEAS TRADING, AND FINANCING FOREIGN MILITARY CAMPAIGNS OFFERED STOCK TO A LARGE NUMBER OF INVESTORS WHO THEN LEFT ITS MANAGEMENT IN THE HANDS OF THE SMALL GROUP WHO ORIGINATED THE VENTURE.**





**THE DUTCH EAST INDIA COMPANY BECAME THE FIRST SUCH PUBLICLY TRADED COMPANY IN 1602.**





**IN ENGLAND, JOINT STOCK COMPANIES WERE FORMED IN THE 1500s, BUT THE SALE OF SHARES IN SUCH ENTERPRISES WAS LIMITED AND DID NOT REQUIRE A STOCKBROKER.**



IN THE LATE 1600s, CHANGES IN BANKING REGULATIONS INCREASED THE NUMBER OF JOINT STOCK COMPANIES TENFOLD IN ONLY SIX YEARS...





...AND THE FIRST STOCKBROKERS — WHO BOUGHT AND SOLD SHARES AS AN ADJUNCT TO ANOTHER PROFESSION — APPEARED AT THAT TIME.





**BUSINESS WAS FIRST CONDUCTED AT THE ROYAL EXCHANGE, WHERE OTHER MERCHANTS ALSO CONDUCTED BUSINESS, BUT AS THE NUMBER OF STOCKBROKERS GREW AND DISPLAYED A ROWDY BEHAVIOR NOT ACCEPTABLE TO OTHERS IN THE MARKETPLACE, THE GOVERNMENT SOUGHT TO REGULATE THEM.**



*RATHER THAN ACCEPT SUCH INTERFERENCE, THESE MEN LEFT TO SET UP SHOP IN THE COFFEEHOUSES BETWEEN CORNHILL AND LOMBARD STREETS – WITH ONE OF THE MOST PROMINENT BEING JONATHAN'S COFFEEHOUSE ON EXCHANGE ALLEY.*



**WHILE MOST BROKERS IN THESE EXCHANGES WERE REPUTABLE, SOME FOLLOWED LESS-THAN-ACCEPTABLE PRACTICES.**







TO HAVE GREATER CONTROL OVER WHO THEY  
ALLOWED INTO THE EXCHANGE, SOME BROKERS  
LEFT JONATHAN'S AND SET UP A NEW  
EXCHANGE — CALLED 'NEW JONATHAN'S' OR  
'THE STOCK EXCHANGE.'



**TRANSACTIONS WERE STILL NOT REGULATED AND  
ANY BROKER WHO COULD PAY THE DAILY ENTRY FEE  
COULD CONDUCT BUSINESS.**





**TWO SPECIALISTS AROSE DURING THIS TIME —  
BROKERS AND JOBBERS.**

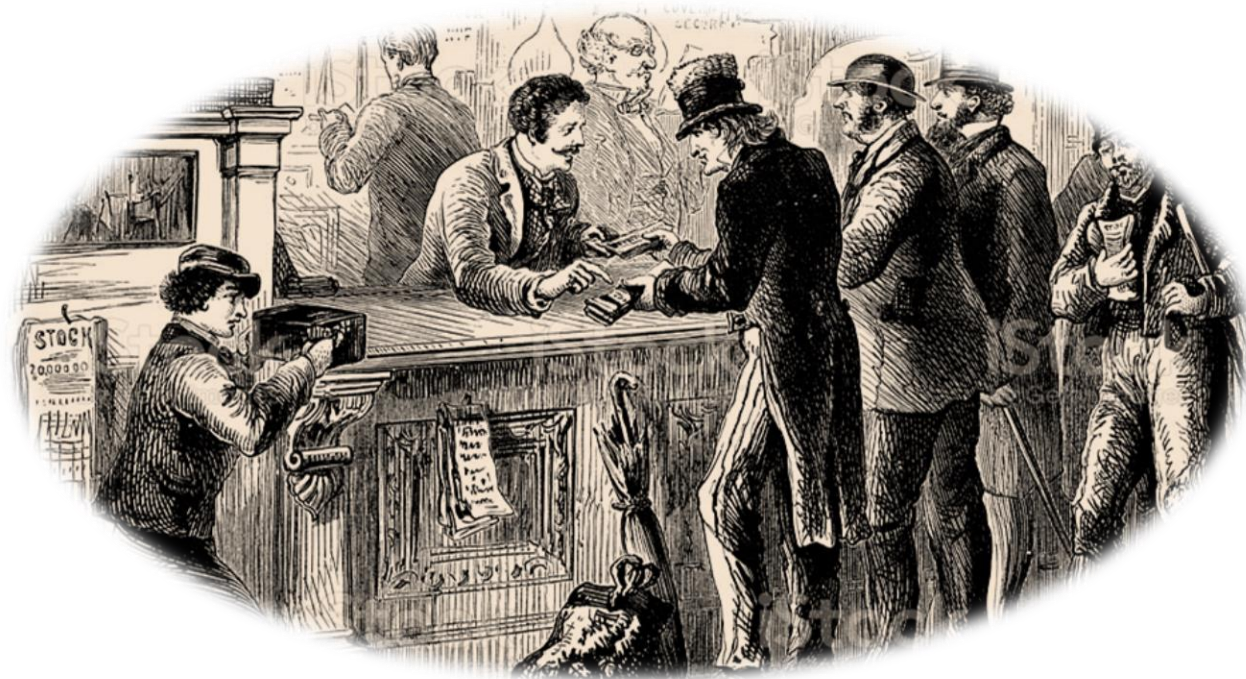




**BROKERS REPRESENTED CLIENTS OR INVESTORS WHO DESIRED TO BUY OR SELL A PARTICULAR SECURITY WITHIN A CERTAIN PRICE RANGE.**



**THE BROKER'S COUNTERPART, THE JOBBER, OFFERED TO BUY OR SELL THE DESIRED SECURITY TO THE BROKER (BUT NEVER DIRECTLY TO AN INVESTOR).**







**THE BROKER WORKED ON A COMMISSION CHARGED TO THE CLIENT WHILE THE JOBBER MADE HIS ON THE 'SPREAD' BETWEEN THE BID AND ASKED-FOR PRICE (THE NOTION OF 'BUY LOW, SELL HIGH').**







**A TENSION DEVELOPED BETWEEN THE OWNERS OF  
THE NEW COFFEEHOUSE AND THE BROKERS.**







THOSE RUNNING THE COFFEEHOUSE PREFERRED ALLOWING IN MORE PATRONS BECAUSE OF THE FEE CHARGED, WHILE THE BROKERS WERE CONCERNED ABOUT STILL DEALING WITH THEIR LESS REPUTABLE COLLEAGUES.





**IN 1801, THE BROKERS LEFT AGAIN FOR A NEW ESTABLISHMENT GOVERNED BY WRITTEN REGULATIONS FOR CONDUCTING BUSINESS AND THE MODERN LONDON STOCK EXCHANGE (LSE) WAS CREATED.**



WHILE THE LSE WAS THE UNITED KINGDOM'S MOST IMPORTANT, THE INDUSTRIAL REVOLUTION BROUGHT ABOUT A NUMBER OF NEW COMPANIES AS WELL AS INFRASTRUCTURE PROJECTS THAT REQUIRED LARGE CAPITAL INVESTMENTS, PROMPTING THE CREATION OF ABOUT TWENTY STOCK EXCHANGES THROUGHOUT THE UK.





*NEW TECHNOLOGIES WERE ADDED TO LINK BOTH  
THE ENGLISH AND INTERNATIONAL EXCHANGES.*



**IN 1840, THE TELEGRAPH (MY FAVORITE FORM OF COMMUNICATION) PROVIDED TRADE INFORMATION FROM THE NEW YORK EXCHANGE IN ONLY 20 MINUTES (VS. SIXTEEN DAYS BY MAIL).**







THE TICKER TAPE REPLACED THE TELEGRAPH IN 1872, AND THE TELEPHONE REPLACED IT IN 1880.





**'THE ADVENTURE OF THE STOCKBROKER'S CLERK'  
PROVIDED AN EXAMPLE OF THE VARIETY OF  
INVESTMENTS AVAILABLE.**







**BEDDINGTON STOLE BOTH AMERICAN RAILWAY BONDS AS WELL AS MINING AND OTHER COMPANY SCRIP FROM THE FIRM MAWSON AND WILLIAMS.**



**BONDS ARE LEGAL EVIDENCE OF THE PROVISION OF LONG-TERM DEBT (THE HOLDER TO RECEIVE REIMBURSEMENT PLUS INTEREST WHEN THE LOAN WAS repaid).**





SCRIP, ON THE OTHER HAND, INDICATED OWNERSHIP OF A PORTION (SHARE) OF A COMPANY.



*AS THIS THEFT INDICATED, STOCKBROKER DEALINGS  
COULD INVOLVE HUNDREDS OF THOUSANDS OF  
POUNDS, BUT RISK WAS ALSO INVOLVED.*





*HALL PYCROFT LOST HIS POSITION WITH COXON  
AND WOODHOUSE WHEN THEY FOLDED AFTER A  
BAD INVESTMENT.*



**THANKS TO A QUICK-THINKING POLICE OFFICER  
AND MY ASSISTANCE TO THE STOCKBROKER'S  
CLERK IN APPREHENDING...**







**...THE CULPRITS IN THIS CASE, HOWEVER,  
MAWSON AND WILLIAMS FAILED TO SUFFER  
SIMILAR LOSSES AND DISGRACE.**



*SO, WE HAVE COMPLETED TOPIC # 084 IN OUR SERIES...*

*IN TOPIC # 085, WE WILL BE LOOKING AT YELLOW-BACKED NOVELS OF THE  
VICTORIAN PERIOD.*





## REFERENCES FOR THIS TOPIC:

- [HTTPS://WWW.THECLASSROOM.COM/THE-HISTORY-OF-STOCK-BROKERAGE-FIRMS-13635698.HTML](https://www.theclassroom.com/the-history-of-stock-brokerage-firms-13635698.html)
- [HTTPS://WWW.ENCYCLOPEDIA.COM/BOOKS/POLITICS-AND-BUSINESS-MAGAZINES/LONDON-STOCK-EXCHANGE-LIMITED](https://www.encyclopedia.com/books/politics-and-business-magazines/london-stock-exchange-limited)
- EDWARD STRINGHAM, "THE EMERGENCE OF THE LONDON STOCK EXCHANGE AS A SELF-POLICING CLUB," JOURNAL OF PRIVATE ENTERPRISE, JANUARY, 2002.
- [HTTPS://WWW.LONDONSTOCKEXCHANGE.COM/DISCOVER/LSEG/OUR-HISTORY](https://www.londonstockexchange.com/discover/lseg/our-history)
- [HTTPS://HSC.CO.IN/DIFFERENCE-BETWEEN-JOBBER-AND-BROKER/](https://hsc.co.in/difference-between-jobber-and-broker/)
- RANALD MICHIE, THE LONDON STOCK EXCHANGE: A HISTORY. OXFORD: OXFORD UNIVERSITY PRESS, 1999.
- [HTTPS://WIKIDIFF.COM/BOND/SCRIP](https://wikidiff.com/bond/scrip)



# Baker Street Elementary

"THE LIFE AND TIMES IN VICTORIAN LONDON"

IS CREATED THROUGH THE INGENUITY & HARD WORK OF:

JOE FAY  
LIESE SHERWOOD-FABRE  
RUSTY MASON  
&  
STEVE MASON

