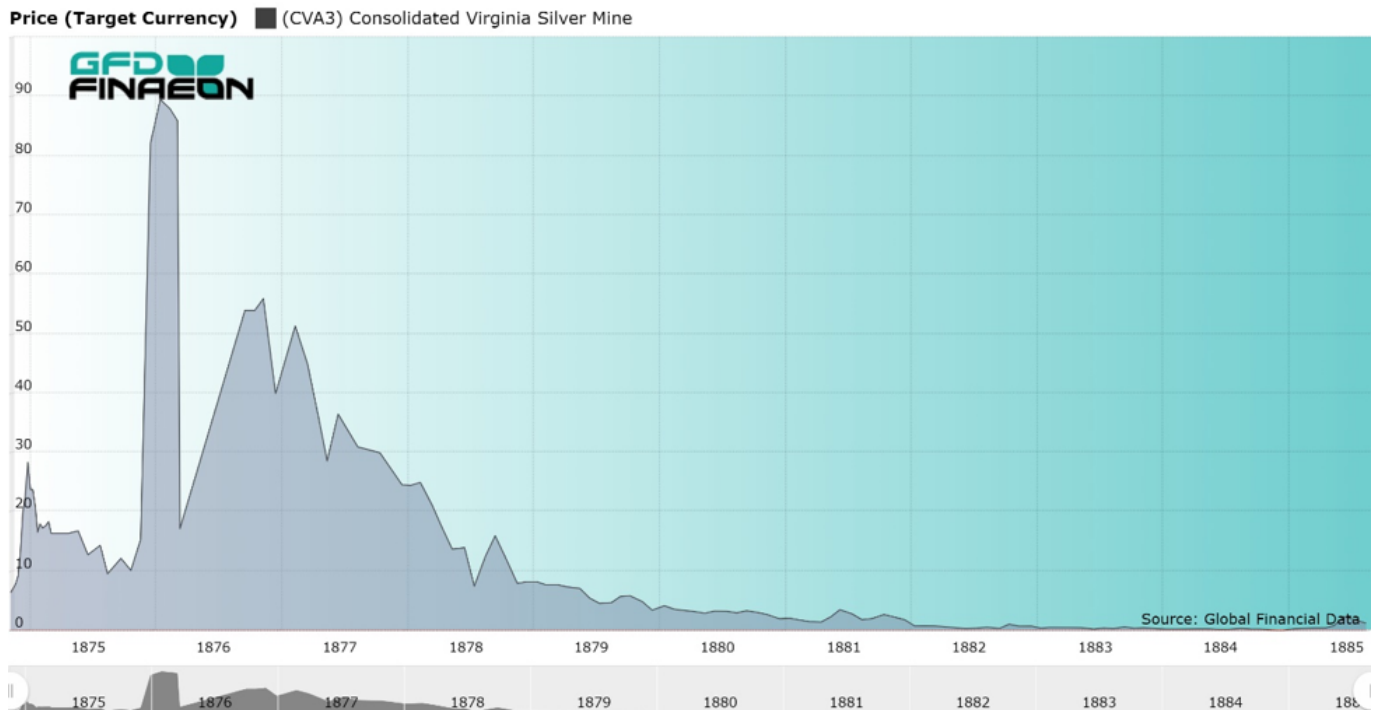


California was the home to the Pacific Stock Exchange before it was bought out by the NYSE in 2006. The Pacific Stock resulted from a merger of the San Francisco Stock Exchange and the Los Angeles Stock Exchange in 1957. The two exchanges in turn resulted from a merger of the local stock exchange and curb exchanges. Originally, the exchanges specialized in locally listed stocks, but by the twenty-first century, they primarily traded stocks that were listed on the NYSE and NASDAQ.

## **The San Francisco and Los Angeles Stock Exchanges**

The Comstock lode was discovered in Utah in 1859 and quickly led to mining stocks being traded in San Francisco. The San Francisco Mining Exchange was established on September 11, 1862 with 40 members, the San Francisco Board of Brokers was founded on April 15, 1863 and the Pacific Board in July 1863. The latter two exchanges eventually folded, but the San Francisco Mining Exchange continued its existence and changed its name to the San Francisco Stock Exchange the next year. 1875 proved to be the climax of the mining mania that resulted from the Comstock Lode with the Consolidated Virginia Silver Mine and the California Mining Co., each having a market cap over \$75 million, almost the value of the New York Central Railroad which was the largest corporation in America in 1875, before their stock prices collapsed.



**Figure 1. Consolidated Virginia Silver Mine, 1874 to 1885**

The San Francisco Stock and Exchange Board was founded on September 18, 1882 and was located on Montgomery Street which was known as the “Wall Street of the West.” The Exchange moved to 301 Pine Street in 1930. The San Francisco Stock and Exchange Board purchased the San Francisco Stock Exchange in 1928 and changed its name to the San Francisco Stock Exchange while the old exchange was renamed the San Francisco Mining Exchange. The Mining Exchange closed in August 1967. The San Francisco Curb Exchange began operating on January 2, 1928, and was absorbed by the San Francisco Stock Exchange in 1938.

The Los Angeles Oil Exchange was organized on December 7, 1899 by members of the oil industry. On December 23, 1900, non-oil stocks were allowed to trade and the Los Angeles Oil Exchange changed its name to the Los Angeles Stock Exchange. In 1900, 19 issues were listed on the Exchange having a market cap of \$11 million. By 1938, there were 136 issues from 107 local companies listed on the Los Angeles Stock Exchange with a market cap of \$4.8 billion. The value of shares traded grew from \$1 million in 1900 to \$1 billion in 1928. Oil stocks dominated the trading on the floor of the Los Angeles Exchange.

The San Francisco Stock Exchange and the Los Angeles Stock Exchange merged to form the San Francisco and Los Angeles Stock Exchange on January 2, 1957 with trading floors at 301 Pine Street in San Francisco and 618 South Spring Street in Los Angeles. It was renamed the Pacific Stock Exchange in 1973. The Pacific Exchange was bought by Archipelago Holdings in 2005 which in turn was bought by the New York Stock Exchange in 2006.

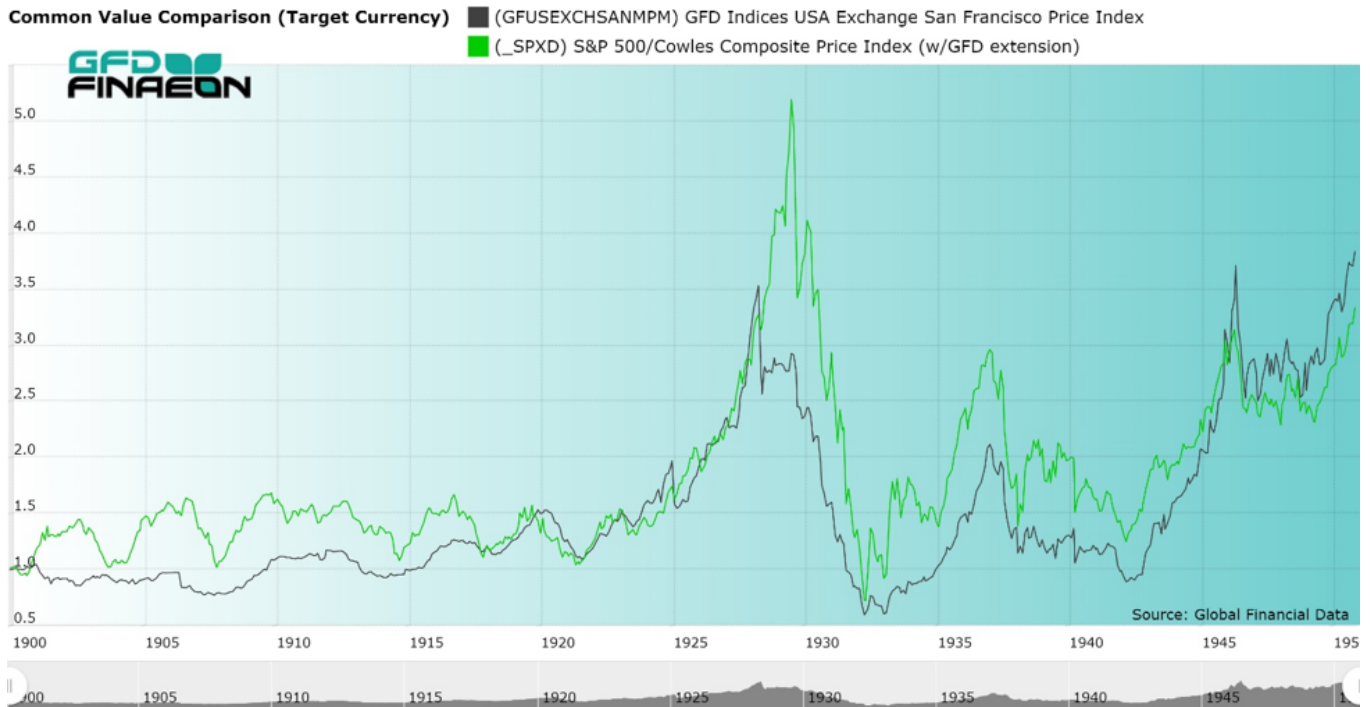
The Pacific Stock Exchange, along with the Midwest Stock Exchange, became one of the two primary regional exchanges in the United States after World War II. The other was the Midwest Stock Exchange in Chicago. The SEC introduced rules in 1934 that limited the ability of local companies to list on stock exchanges. The free-for-all of regional exchanges soon came to an end. This encouraged the Los Angeles and San Francisco exchanges to list more companies that were listed on the NYSE and New York Curb to increase trading on their exchanges. The increase in the number of companies that listed on the two exchanges is provided in Table 1.

Year	San Francisco	Los Angeles
1905	35	
1910	45	
1915	47	
1920	71	
1925	248	103
1930	335	254
1935	428	119
1940	255	183
1945	277	193
1950	311	245
1955	300	373
1960	515	
1965	583	
1970	749	

**Table 1. Securities listed on the San Francisco, Los Angeles and Pacific Stock Exchanges, 1905-1970**

In the GFDatabase, there are 221 securities and 164 common stocks listed on the Los Angeles Curb and Stock Exchange and 452 securities and 279 common stocks listed on the San Francisco Curb and Stock Exchange. Data from the San Francisco Stock Exchange begin in 1905 and data from the Los Angeles Stock Exchange begin in 1924. Figure 1 compares the performance of stocks in San Francisco with the S&P Composite between 1900 and 1950.

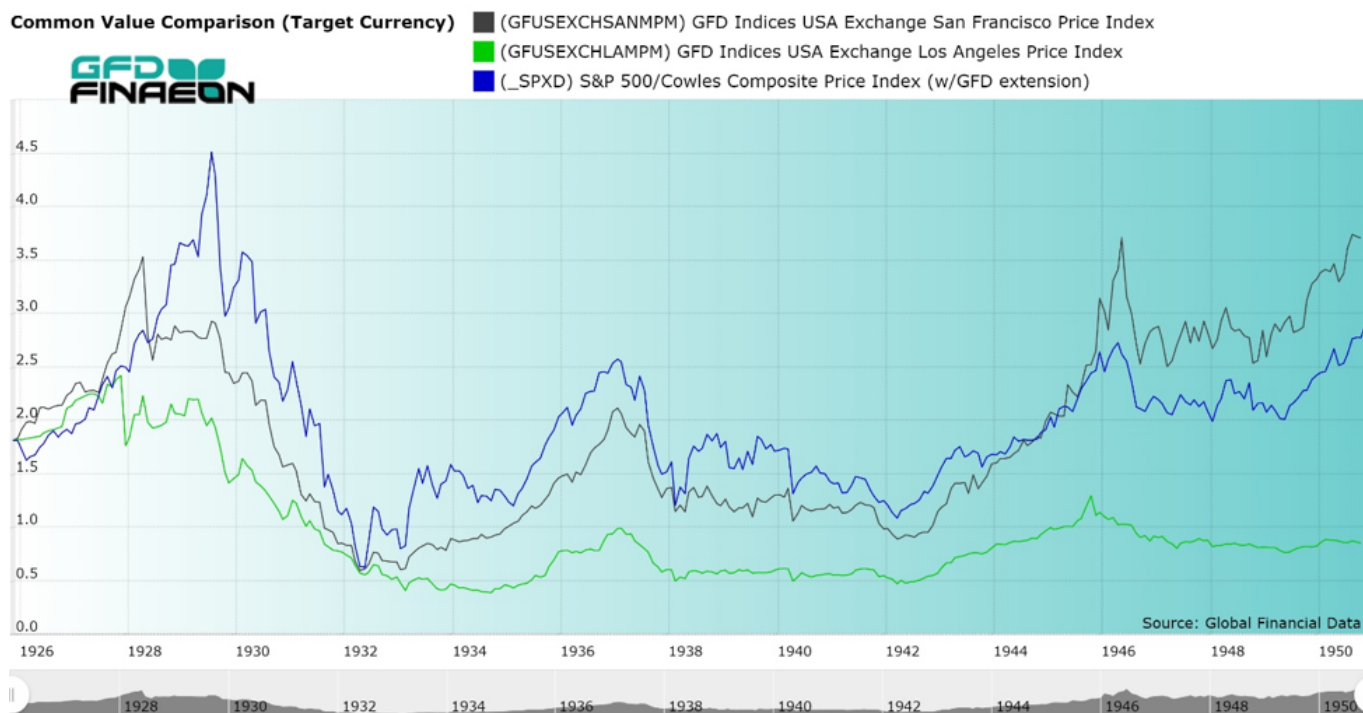
Although the San Francisco stock exchange underperformed the S&P Composite until the 1940s, its performance bettered the S&P Composite in the 1940s. An index of 30 common stocks that were listed on the Los Angeles Stock Exchange and calculated by the Los Angeles Times was published in The Commercial and Financial Chronicle.



**Figure 2. San Francisco Stock Exchange Index and the S&P Composite, 1900 to 1950**

Figure 2 compares the San Francisco Stock Index, the Los Angeles Stock Index and the

S&P Composite between 1925 and 1950. The Los Angeles stocks provided the poorest returns of the three indices while the San Francisco Exchange underperformed the S&P Composite until the 1940s when its performance exceeded that of the S&P Composite.



**Figure 3. San Francisco and Los Angeles Stock Indices and S&P Composite, 1925 to 1950**

## Conclusion

The data from the Los Angeles and San Francisco Stock Exchanges is consistent with the data from the other regional exchanges. The indices for the two exchanges underperformed the S&P Composite as was true of the other exchanges. Oil stocks represented a large proportion of the stocks on the Los Angeles Stock Exchange and this is reflected in the index's underperformance. San Francisco relied more upon finance and consumer stocks producing the greater volatility in the index. The two stock exchanges came into prominence just as the stock market became more concentrated in New York and less on regional exchanges. After 1934, listings shifted more to national companies and away from local companies.

## Data Sources

Information on the San Francisco and Los Angeles Stock Exchanges can be found in Joseph L.

King, *History of the San Francisco Stock and Exchange Board*, San Francisco: 1910, *Los Angeles Stock Exchange: History, Organization, Operation*, Los Angeles: Los Angeles Stock Exchange, 1939, and *San Francisco Stock Exchange*, San Francisco: Committee on Public Relations, 1930. A 25<sup>th</sup> Anniversary publication for the Pacific Stock Exchange is *The Pacific Stock Exchange Incorporated: 100 Years of Progress*, San Francisco, Pacific Stock Exchange, 1982.

Data for the San Francisco and Los Angeles Stock Exchange comes from a number of sources. *The Bank and Quotation Record* is used beginning in February 1928. H.D. Walker's *Manual of California Securities*, San Francisco: H.D. Walker was first published in 1909 and published annually thereafter. In addition to the *Commercial and Financial Chronicle*, W.B. Dana published its *Handbook of Securities* which provided monthly data on Boston stocks between 1881 and 1925. In addition to this, the *Investor's Pocket Manual* is used between 1913 and 1928 and Barron's between 1922 and 1928. John Earle Jardine published an article on the Los Angeles Stock Exchange Index which included an index of 30 common stocks in *The Commercial and Financial Chronicle*, March 8, 1930, p. 1589.

Henry E Wallace and Charles M. Goodsell, eds., *The Manual of Statistics: Stock Exchange Handbook*, New York was published between 1884 and 1923 and provides a good source for data on dividends and shares outstanding. *The Commercial and Financial Chronicle* began publishing the *Financial Review* in 1879 which provided monthly data on Philadelphia stock prices beginning in 1886. Poor's *Manual of Industrial Securities* was published between 1900 and 1940 and Moody's *Manual of Industrial Securities*, *Manual of Railroad and Corporation Securities*, *Manual of Railroads/Transportation Securities* and *Moody's Manual of Bank & Finance Securities* published between 1900 and the present. The *Dividend Record*, published by Standard and Poor's and by Moody's were also used from 1929 on.