

material facts which rendered the investment concerned undesirable. Had a thorough investigation into the security always been possible prior to its purchase, any such drawbacks would have been discovered, and naturally no purchase would have been made.

There must always be a certain proportion of comparative failures among any large selection of securities. This proportion can be minimised by a very careful investigation before every purchase, but not entirely eliminated. The combined holdings of the Registry's *clientèle* embraces several thousands of individual securities, but only about one hundred of these show a predominant holding by the Registry's clients.

During the last seven years only a few instances occurred in which the Registry recommended a security which subsequently failed to meet its engagements. In two such cases, the Registry's clients held a sufficient amount to make their influence felt, and, through prompt action on the Registry's part, their interests were fully protected; in the other instances such protection was impossible, and the Registry's customers were in no better position than other investors.

The various difficulties above described are practically overcome in the case of the Registry's own issues, and so soon as a sufficiently large number of its customers had adopted the principle of Geographical Distribution, it became possible for the Registry to make its own issues, which its *clientèle* had then become strong enough to absorb entirely.

Before making an issue the Registry institutes a