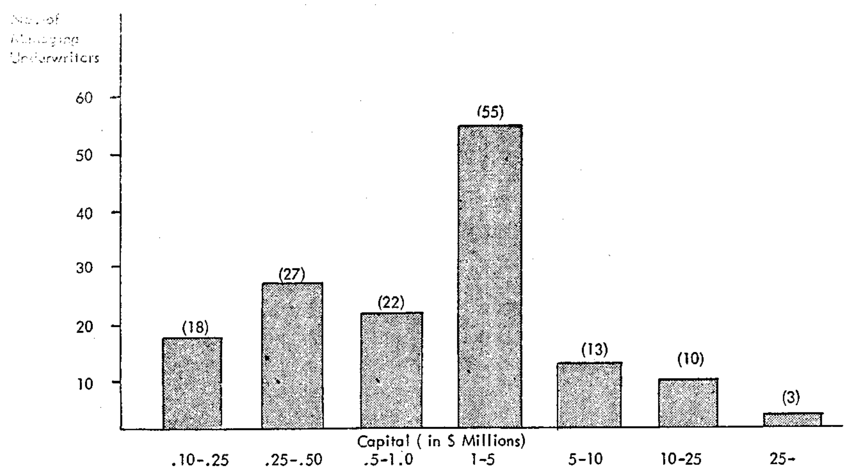
CHART III

DISTRIBUTION OF NON-BANK MANAGING UNDERWRITERS[1]
BY CAPITALIZATION, 1957



Sources: Investment Bankers Association of America and Finance magazine, March, 1958.

1. Based on all managing underwriters of new issues in 1957 about which the Investment Bankers Association of America has knowledge and for which net worth figures were published in Finance magazine.

The Municipal Bond Market

This section focuses on those aspects of the bond market that reflect directly the underwriting process. As such, the examination is concerned with underwriter[14] specialization and method of purchasing bonds (by competitive bidding or negotiation), the extensiveness of competitive bidding, and the spread (gross fee) received by the underwriter for his services. The statistics used are taken from the data file maintained by the IBA and cover the period 1957 through 1965. Statistical information is available on spreads only for the years 1958, 1959, 1963, 1964, and 1965.

Underwriting management.—Due to legal requirements and the demands of the market, specialization has developed among the underwriters of municipal bonds. This specialization, to a limited extent, is investigated by separating underwriters into four groups: (1) Leading dealers, or those 10 dealers who managed the largest dollar volume—among dealers—of bonds in a given year (this group varied from year to year); (2) remaining dealers; (3) leading banks, or those 10 dealer banks who managed the largest dollar volume—among banks—of bonds in a given year (this group also varied from year to year); and (4) remaining banks. Additionally, the bonds underwritten by each type of dealer are separated by type of issue (general obligation and revenue) and offering (negotiated or competitive bidding).

[14] Again, for lack of underwriting participation data, underwriting management figures are used.