

Genesis of the Omaha Grain Exchange

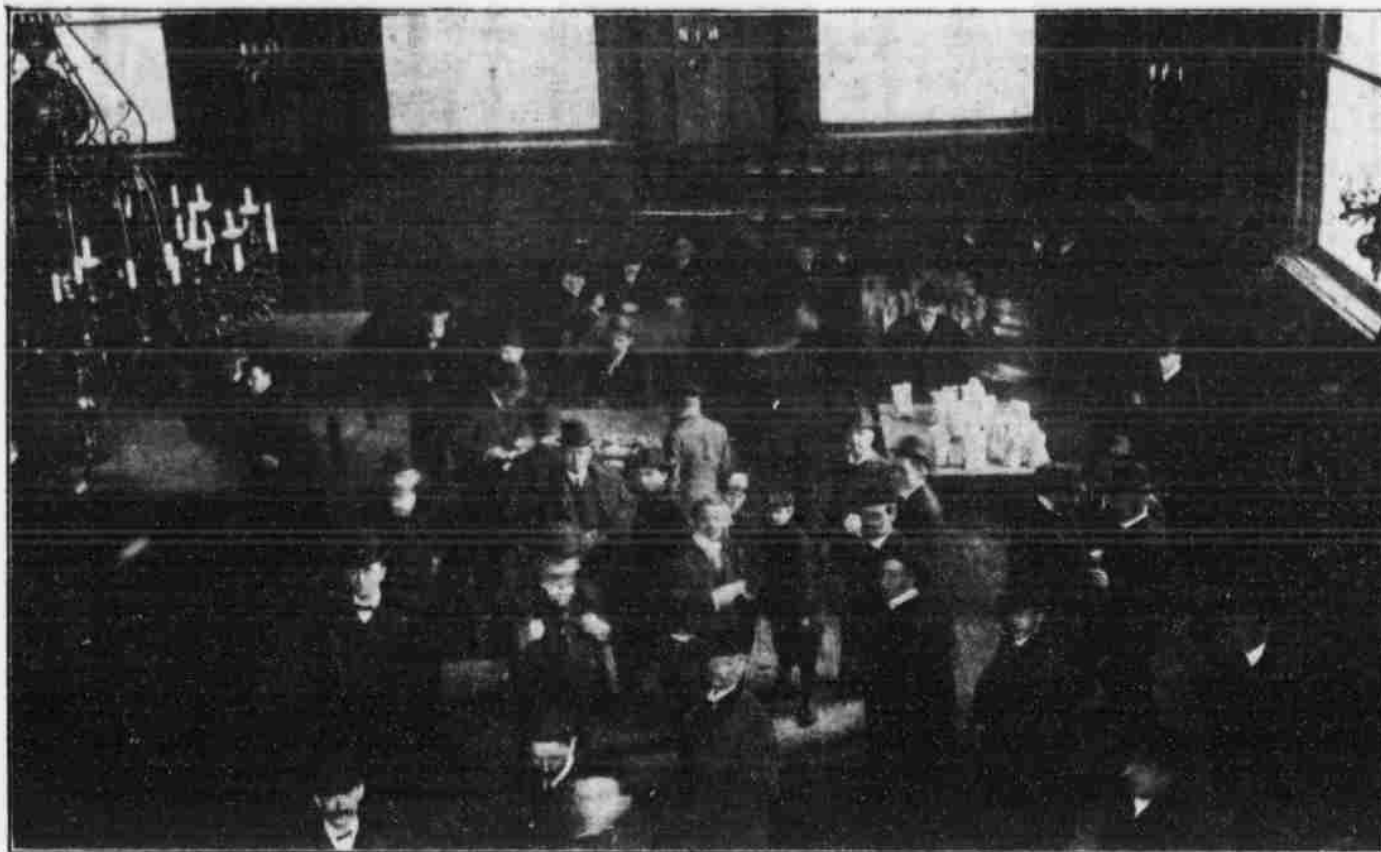
NOW that the Omaha Grain exchange is in operation, the weeks and months of busy scheming and work that preceded the opening last Monday seem to have had more purpose, point and celerity than people were willing to think during the long period of preparation. Prior to this era the business men of Omaha knew that something was wanting to the city; they knew that Omaha should be busier and greater, and that the time was come for advancement. But they did not know what to do. Then came A. B. Stickney, president of the Chicago Great Western, and told the people of market towns. Of course, that was it, but no one had been able before to make all the varied interests of the city see that Omaha should be a market town. A valiant and undirected outcry for grain and products followed, and then Mr. Stickney came again and unfolded the grain exchange, and made the way clear. Again he incorporated the grain terminals, that there might be land and room for the industry; last of all, he made a rate.

This was the genesis of the Omaha Grain exchange. The new market, after six days of business, is all that even the most sanguine had hoped. The business in futures is large and the cash transactions bid fair to increase very rapidly.

"We have made a most excellent start," said a director of the exchange. "I think that no one has been anything but pleased by the showing so far. The cash market is, of course, what we want, but there is every reason for confidence in its rapid growth. The rate situation is not altogether satisfactory, because we do not know just what the final outcome of all this cutting and withdrawing will be. The rates as they are at present are very favorable to the market. The uncertainty as to future changes may for a short time deter men from taking up the grain business here, but when we have passed through this short period of disturbance we will be on the high road to success."

The local exchange has been modeled somewhat after the Minneapolis market, but in drawing up the rules and regulations governing it, the directors have gone through the printed matter furnished by all the prominent exchanges in the country and have tried to take from each the best points. After visiting the Minneapolis exchange and consulting with men high in the grain business, the clearing house method of business was adopted. This provides that all transactions made in grain during the day for future delivery shall be cleared through the exchange clearing office. That is, at the close of business or before 2:30 o'clock each day, all such transactions must be placed in clearing when upon the acceptance of such transactions the clearing office assumes the position of buyer to the seller and seller to the buyer. Every firm is required to make out statements showing every transaction for future delivery with amount, price, date, and party purchasing; also to make a memorandum showing the balance between himself and the clearing office. If the balance is due the house, the firm must send a check or if it is the opposite, the exchange pays. This makes a daily settlement on all transactions.

The manager of the clearing office may call for margins to protect the office under certain conditions, and all members settling through the office are required to keep a balance with the same. Fines are provided



VIEW ON THE FLOOR OF THE OMAHA GRAIN EXCHANGE ON THE MORNING OF ITS OPENING.—Flashlight Photo by a Staff Artist.

against error and tardiness in filing papers. In cases of default in payment of margins or balances, the manager has the right to sell the property of the purchaser to satisfy claims. The clearing house is privileged to collect a fee of 1½ cents per 1,000 bushels bought or sold.

The regulations provide that the trading hours shall be from 9:30 o'clock in the morning until 1:15 in the afternoon, except Saturdays, when noon shall be the closing hour. A gong announces the opening and closing of this period. The cash transactions are to be expected after 11 o'clock and before noon. The rest of the time is to be given largely to future transactions. Transactions during hours outside of the exchange hall are punishable by a fine of \$10 or \$20.

No transactions will be allowed of less than one car in amount, and in future delivery deals, unless otherwise stated, 5,000 bushels will be the unit. One thousand-bushel transactions will be possible. The regulations provide for all brokerage and commissions, and also for a fine of from \$100 to \$500 or expulsion for any member who shall be guilty of violating these rules by remitting any such commission by rebates, rebates, allowances to railroad agents, or in any other way. It is believed by the directors that the rules provide full means of discipline and for the control of business in such a way as to insure its entire regularity and consistency with the aims of the exchange, and the advancement of the Omaha market.

The inspector of grains will keep open office from 9 o'clock in the morning until 5 in the afternoon until April 15, after which two hours longer must be served. The inspectors are required to make their reasons for grading grain fully known by notations on their books. The weight alone shall not determine the grade. The inspector is

charged with the condition and cleanliness of the grain cars.

The control and business of the exchange rests in the following persons: G. W. Wattles, president; S. A. McWhorter and E. E. Bruce, vice presidents; E. E. Eruce, A. L. Reed, A. C. Smith, N. B. Updike, A. B. Jaquith, Nathan Merriam, G. W. Wattles, S. A. McWhorter and F. P. Kirkendall, directors; A. H. Merchant, secretary, and S. Morphy, chief clerk. Besides these there is Inspector Heyl, a stenographer, a door-keeper and other minor officials.

The beginning of the Grain exchange, though no one knew it, was the opening of the line of the Great Western to this city. The coming of this road had been looked forward to with much hope, for its president was known to be an iconoclast and a smasher of the stereotyped railway man's ideals. Much was hoped for by Omaha. When the road was in running order, a party of Omaha men went to Fort Dodge to meet the railway magnates and escort them to Omaha. At the Commercial club President Stickney made a speech which seemed to put life into every one who heard it. It presented the possibilities of Omaha as a market town in a way which surprised all hearers. It was understood that the new road would put in a rate which would give Omaha a chance to begin grain dealing. Every one was eager to begin work, but no one knew just how. During October it was announced that Mr. Stickney had purchased a large tract of land between Omaha and South Omaha to be used as a location for mills and elevators, with terminal trackage to be put in by a company which he incorporated November 24 as the Omaha Grain terminals. This was a second boom for the new idea, as good locations for a large number of grain locations were secured. A. B. Stickney, Nathan Merriam, John L. McCague,

A. G. Charlton and W. D. McHugh were the incorporators, and other roads than the Great Western did not take stock.

The exchange itself was born November 2, when Mr. Stickney visited Omaha with a large party of Minneapolis grain capitalists. In a speech he outlined such a corporation, which was necessary for a market before any elevators or mills would locate here. He closed by taking two shares of \$500 each for the railroad. Before the meeting ended over seventy shares had been taken. G. W. Wattles was empowered to secure additional members and to procure printed matter from other exchanges as a guide. Within a few days the membership was raised to 150. Mr. Wattles and others worked in securing members and in drawing up articles of incorporation until November 10, when an organization meeting was held and officers elected and the exchange incorporated.

Weekly meetings followed and the exchange was planned closely after the suggestions of Mr. Stickney. The new organization was given the use of the call room in the Board of Trade building for one year, and an attempt was made to begin trading with the first of the year. Some time was taken in getting a secretary for the exchange and the compilation of rules and regulations and the fitting of the new trading hall took so much time that not until last Monday could operations be begun.

The exchange, it was considered by all, was the first necessary step in making Omaha a grain center. When it should be in operation the market would be an actuality. No one could expect railways to make grain rates when no grain was called for. During the formation of the exchange the rates have been passing through a period of readjustment which has one day filled the promoters of the enterprise with pleasure and the next day filled them with gloom. A very satisfactory conclusion is the ultimate expectation.

The development of the grain terminals awaits spring. Plans have been made for the grading and trackage and houses are now being removed. With the market going elevators will come here naturally and the flouring mills will come where the elevators are. These are the steps by which Omaha is to become a grain market.

Glimpse Into Mythology

Aeneas was boasting of the deep friendship of Achaes.

"That boy would do anything for me!" he declared.

"All right," said a cynical comrade, "just ask him to indorse your note."

Afraid to make the test, Aeneas began talking about the weather.

Aesculapius had just restored Hippolytus to life.

"Wonderful!" declared the people.

"Not at all," was the airy reply. "Dows did it!"

Enraged at the sacrilege, Jupiter got him with a thunderbolt.

Jupiter was talking with his son, Apollo. "In addition to your other titles," he said, "I intend making you the god of poetry."

"Good!" exclaimed Apollo. "Now I will get a chance to meet Ella Wheeler Wilcox."

Pleased beyond expression, he informed Hebe that the drinks were on him.—*Milwaukee Sentinel.*



EXAMINING GRAIN AT THE SAMPLE TABLE, OMAHA GRAIN EXCHANGE.—Photo by a Staff Artist.