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# New York Stock Exchange

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## **New York Stock Exchange**

Stock exchange first formed in 1792 on Wall Street (Manhattan, New York). Early American securities markets included operations in Boston, Philadelphia, and New York City, although the latter would become the preeminent trading locale. Active securities trading began to take place in New York City around 1790, mainly because of the market influences of preexisting British securities and Secretary of Treasury Alexander Hamilton's issuance of bonds to consolidate and repay debts incurred during the American Revolutionary War (1775-1783). Initial trading rules were established on September 21, 1791, which included the requirement of auction purchases and sales to be settled at the auctioneer's house.

A 1792 market crash resulted in a group of New York securities professionals signing the May 17, 1792, Buttonwood Agreement, giving each other trading preferences and regulating securities trading; this is regarded by some as the formal beginning of the New York Stock Exchange. Trading declined precipitously following this crash and the bankruptcy of leading investor William Duer, a speculator who had unsuccessfully attempted to corner the government bond market.

The New York Stock Exchange remained relatively inactive until after the War of 1812, when New York City banks floated a loan to finance national war operations. Federal government securities market involvement during this era and during much of the 19<sup>th</sup> century was focused primarily on financing the national debt to stimulate securities market growth.

The number of securities quoted and traded from 6 to 12 between 1798 and 1803, and capital investments in shares of publicly owned companies increased significantly. An economic downturn during 1801-1802 was followed by a boom until 1808 when European combatants involved in the Napoleonic Wars interrupted U.S. trade by seizing American vessels. This development helped spur U.S. manufacturing. Between 1792 and 1812, the number of stock and bond issues increased from 5 to 19.

Trading volume figures are unavailable before 1818, and government regulation of New York securities trading in this era was accomplished by New York state statutes in 1801, 1804, 1806, and 1808. What we now know as the New York Stock Exchange arguably began on March 8, 1817, when the New York

Stock and Exchange Board enacted a constitution and established rules governing trade. During its initial decades, the exchange remained an embryonic structure with miniscule resemblance to the globally interconnected and highly capitalized trading entity that it would become over the next two centuries. Nevertheless, it did help foster Hamilton's economic policies in the 1790s. In 1863, the modern appellation "New York Stock Exchange" was adopted.

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**See also**

Economy, U.S; Hamilton, Alexander; New York

**Further Reading**

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