LABRANCHE & CO INC
Form S-4
February 20, 2001

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 20, 2001
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

LABRANCHE & CO INC.

(Exact name of registrant as specified in its charter)

DELAWARE	6211	13-4064735
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

ONE EXCHANGE PLAZA
NEW YORK, NEW YORK 10006-3008
(212) 425-1144

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

GEORGE M.L. LABRANCHE, IV
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
LABRANCHE & CO INC.
ONE EXCHANGE PLAZA
NEW YORK, NEW YORK 10006-3008

(212) 425-1144
(Name, address, including zip code, and telephone number, including area code, of agent for service)

WITH COPIES TO:

JEFFREY M. MARKS, ESQ.
STEVEN I. SUZZAN, ESQ.
FULBRIGHT & JAWORSKI L.L.P.
666 FIFTH AVENUE
NEW YORK, NEW YORK 10103

JOHN T. CAPETTA, ESQ.
KELLEY DRYE & WARREN LLP
TWO STAMFORD PLAZA
281 TRESSER BOULEVARD
STAMFORD, CONNECTICUT 06901

(212) 318-3000 (203) 351-8000
FACSIMILE: (212) 318-3400 FACSIMILE: (203) 329-2669

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after this Registration Statement becomes effective and all other conditions to the merger agreement described in the proxy statement/prospectus contained in this Registration Statement are satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED AGGR OFFERING
Common Stock, par value $0.01 per share.....	9,700,000 Shares	Not Applicable	Not App
Series A Preferred Stock, par value $0.01 per share.....	130,000 Shares	Not Applicable	Not App
Total.....			$142,15

(1) Based on (i) 98,200 shares of common stock, $0.10 par value, of ROBB PECK McCOOEY Financial Services, Inc. ("RPM"), which is the maximum number of shares of RPM common stock that may be outstanding immediately prior to the completion of the transactions set forth herein, assuming exercise of all outstanding options to purchase shares of RPM common stock prior to the effective date of this registration statement, and (ii) the exchange ratio of (A) 98.778 shares of LaBranche common stock and (B) shares of LaBranche Series A preferred stock having an aggregate liquidation preference of $1,426.53 for each share of RPM common stock.

(2) Pursuant to Rules 457(f)(2) under the Securities Act of 1933, as amended, the registration fee has been calculated based on the book value of the RPM common stock computed as of December 31, 2000.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME

EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

ROBB PECK MCCOOEY FINANCIAL SERVICES, INC.
20 BROAD STREET
6TH FLOOR
NEW YORK, NEW YORK 10005

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON MARCH 12, 2001

To the Stockholders of ROBB PECK McCOOEY Financial Services, Inc. ("RPM"):

A special meeting of the stockholders of RPM will be held at the offices of RPM, 20 Broad Street, 6th Floor, New York, New York 10005 on March 12, 2001, at 10:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of January 18, 2001, by and between LaBranche & Co Inc. ("LaBranche") and RPM, as amended on February 15, 2001, under which RPM will merge with and into LaBranche, with LaBranche being the surviving corporation, and any other transactions described in the merger agreement. A copy of the merger agreement, as amended, is attached to the proxy statement/ prospectus as ANNEX A. A vote in favor of the merger also effectively constitutes a vote in favor of the disposition by RPM of its subsidiary, ROBB PECK McCOOEY Real Estate Management Corp. ("Remco"), and the subsidiaries of Remco, to George E. Robb, Jr., RPM's President and controlling stockholder.

2. To transact such other business as may properly be brought before the meeting or any adjournment or postponement of the meeting.

A more detailed description of the proposed merger is set forth in the enclosed proxy statement/ prospectus, which you should read carefully.

The board of directors of RPM has fixed the close of business on February 20, 2001 as the record date for the purpose of determining stockholders who are entitled to notice of, and to vote at, the meeting or any adjournment or postponement of the meeting.

THE BOARD OF DIRECTORS OF RPM UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSED MERGER.

Your vote is important, regardless of the number of shares that you own. In order for the merger to be consummated, the merger agreement must be approved by the holders of a majority of the outstanding shares of RPM common stock. On behalf of the Board of Directors, I urge you to sign, date and return the enclosed proxy in the enclosed postage-paid envelope as soon as possible, even if you currently plan to attend the special meeting. This will not prevent you from voting in person but will assure that your vote is counted if you are not able to attend the special meeting. Executed proxies with no instructions indicated on such proxies will be voted "FOR" approval of the proposed merger.

We look forward to seeing you at this important special meeting. If you have any questions regarding the special meeting or the proposed merger, you are encouraged to call me at (212) 422-7622.

/s/ NATHAN J. MISTRETTA

Nathan J. Mistretta
EXECUTIVE VICE PRESIDENT--FINANCE AND ADMINISTRATION, SECRETARY AND TREASURER
ROBB PECK McCOOEY
Financial Services, Inc.

New York, New York
February 20, 2001

YOUR VOTE IS IMPORTANT
FAILURE TO VOTE IS THE EQUIVALENT
OF A VOTE AGAINST APPROVAL OF THE PROPOSED MERGER

TO ENSURE THAT YOUR INTERESTS WILL BE REPRESENTED AT THE SPECIAL MEETING, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, SIGN, DATE AND MAIL YOUR PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE. THE PROXY CARD WILL NOT BE USED IF YOU ATTEND AND VOTE AT THE SPECIAL MEETING IN PERSON.

PRELIMINARY PROXY STATEMENT/PROSPECTUS
SUBJECT TO COMPLETION, DATED FEBRUARY 20, 2001

THE INFORMATION IN THIS PROXY STATEMENT/PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED BEFORE THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROXY STATEMENT/ PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

[LABRANCHE LOGO]

The respective boards of directors of ROBB PECK McCOOEY Financial Services, Inc., or RPM, and LaBranche & Co Inc., or LaBranche, have approved a merger of RPM with and into LaBranche. On January 18, 2001, RPM entered into an Agreement and Plan of Merger with LaBranche, as amended on February 15, 2001, the terms of which are incorporated by reference into this proxy statement/prospectus. The merger agreement provides that, upon the closing of the merger, each outstanding share of RPM common stock will be converted into 98.778 shares of LaBranche common stock and shares of LaBranche Series A preferred stock having an aggregate liquidation preference of $1,426.53. The merger consideration is subject to the indemnification and escrow provisions described in this proxy statement/prospectus under "The Merger Agreement--Indemnification by RPM Stockholders and Option Holders" and "The Merger Agreement--Escrow of Series A Preferred Stock." The number of shares of Series A preferred stock to be received and retained by the RPM stockholders is subject to possible adjustment based on RPM's final adjusted net book value, as defined in the merger agreement, as of the closing date of the merger.

In addition, in connection with the merger, each option to purchase RPM common stock outstanding and unexercised immediately prior to the merger be converted into a fully vested option to purchase 98.778 shares of LaBranche common stock. RPM has adopted a deferred compensation plan for the benefit of its option holders, and RPM has adopted a $9.0 million retention bonus pool for the benefit of as many as 31 of its current employees. The obligations under the RPM Deferred Compensation Plan and the retention bonus pool will be assumed by LaBranche upon the consummation of the merger. Prior to the merger, RPM will dispose of its subsidiary, Robb Peck McCooey Real Estate Management Corp., or Remco, which engages in management activities and, through its subsidiaries, owns real estate, to George E. Robb, Jr., RPM's President and controlling stockholder. The disposition of this real estate business to Mr. Robb, Jr. is in

consideration of the relinquishment by Mr. Robb, Jr. of his controlling interest in RPM.

The merger cannot be completed unless RPM stockholders holding a majority of the outstanding shares of RPM common stock vote to approve of the merger and the merger agreement.

Because the price of LaBranche's common stock fluctuates, the value of the LaBranche common stock you will receive in the merger will fluctuate on a daily basis.

LaBranche common stock is traded on the New York Stock Exchange under the symbol "LAB." It is expected that 6,924,337 shares of LaBranche common stock will be issued in connection with the merger. On February 15, 2001, the closing price on the New York Stock Exchange of LaBranche common stock was $50.55 per share. There is no public market for RPM common stock.

PLEASE READ THE "RISK FACTORS" SECTION BEGINNING ON PAGE 20 OF THIS PROXY STATEMENT/ PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE LABRANCHE COMMON STOCK OR LABRANCHE SERIES A PREFERRED STOCK TO BE ISSUED IN THE MERGER OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

As used in this proxy statement/prospectus, unless the context otherwise requires, "we," "us," "our" or "LaBranche" refers to LaBranche & Co Inc. and its subsidiaries, and "RPM" refers to ROBB PECK McCOOEY Financial Services, Inc. and its subsidiaries, and "you" or "your" refers to RPM stockholders.

The date of this proxy statement/prospectus is February , 2001, and it is first being mailed to RPM stockholders on or about February 20, 2001.

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LIST OF ANNEXES

All information in this proxy statement/prospectus relating to LaBranche has been supplied by LaBranche and all information relating to RPM has been supplied by RPM. The unaudited pro forma financial information contained herein regarding LaBranche has been prepared by LaBranche. RPM does not have independent knowledge of the matters set forth herein regarding LaBranche and takes no responsibility for any such information contained herein, and LaBranche does not have independent knowledge of the matters set forth herein regarding RPM and takes no responsibility for any such information contained herein.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO THE MATTERS DESCRIBED IN THIS PROXY STATEMENT/PROSPECTUS, OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE HEREIN, IN CONNECTION WITH THE SOLICITATION OF PROXIES OR THE OFFERING OF SECURITIES MADE HEREBY AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY LABRANCHE OR RPM (OR THEIR SUCCESSORS). THIS PROXY STATEMENT/PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES, OR THE SOLICITATION OF A PROXY, IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROXY STATEMENT/PROSPECTUS NOR ANY DISTRIBUTION OF SECURITIES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF LABRANCHE OR RPM SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: WHAT WILL HAPPEN IN THE MERGER?

A: Upon completion of the merger, you will receive 98.778 shares of LaBranche common stock and shares of LaBranche Series A preferred stock having an

aggregate liquidation preference equal to $1,426.53 for each share of RPM common stock you own. The merger consideration is subject to the indemnification and escrow provisions described below, and you may be required to return to LaBranche, or you may receive from LaBranche, a portion of shares of LaBranche Series A preferred stock based on the calculation of RPM's adjusted net book value (as defined in the merger agreement) as of the closing date of the merger. Only whole shares of LaBranche common stock will be issued. You will receive cash instead of fractional interests in shares of LaBranche common stock. Because the market price of LaBranche common stock may change from day to day, you cannot be sure of the market value of the LaBranche common stock you will receive in the merger at the time you vote your shares. Immediately after the merger, former RPM stockholders will own about 12.4% of the outstanding shares of LaBranche common stock.

After the merger, LaBranche stockholders will continue to hold their shares in LaBranche. Immediately after the merger, LaBranche stockholders will own about 87.6% of the outstanding shares of LaBranche common stock.

In connection with the merger, RPM and each of its option holders have amended their option agreements to provide for the immediate vesting and conversion, of their options into options to purchase LaBranche common stock upon consummation of the merger. In addition, RPM has adopted an RPM Deferred Compensation Plan, in which each RPM option holder is entitled to participate, and adopted a retention bonus pool in the amount of $9.0 million for the benefit of as many as 31 of RPM's employees and payable three years after the closing of the merger. Any of these 31 employees who is terminated for "cause" or who voluntarily terminates his employment for any reason other than "good reason" will not be entitled to receive payment under the retention bonus pool. LaBranche will assume the obligations under the RPM Deferred Compensation Plan and retention bonus pool upon consummation of the merger. Prior to the merger, RPM will repurchase all outstanding shares of its preferred stock, repay certain portions of its indebtedness and dispose of its real estate management subsidiary to George E. Robb, Jr., RPM's President and controlling stockholder.

Q: WILL ALL THE MERGER CONSIDERATION BE PAID AT THE TIME OF THE MERGER?

A: A portion of the Series A preferred stock issuable to you will be held in escrow to satisfy any indemnification payment obligations incurred as the result of a breach of any of RPM's or your representations and warranties contained in the merger agreement and the stockholder agreement that you will be required to execute in connection with the merger. Generally, you will be liable for such indemnification only if and to the extent that the total amount of damages suffered by LaBranche on account of such breaches exceeds a threshold of $1.0 million. An additional portion of the Series A preferred stock will be held in escrow pending a final calculation of RPM's adjusted net book value as of the closing date of the merger. To the extent that RPM's adjusted net book value as of the closing date of the merger is less than the aggregate liquidation preference of the shares of LaBranche Series A preferred stock issuable at the closing of the merger, escrowed shares of LaBranche Series A preferred stock with a liquidation preference equal to the amount of such deficiency will be returned to LaBranche. On the other hand, if the adjusted net book value of RPM as of the closing date of the merger is greater than the aggregate liquidation preference of the shares of LaBranche Series A preferred stock issuable at the closing of the merger, LaBranche will be obligated to deliver additional shares of LaBranche Series A preferred stock with an aggregate liquidation preference equal to the amount of such excess. The calculation of RPM's "adjusted net book value" is described in "The Merger Agreement--Escrow of Series A Preferred Stock" on page 54 of this proxy statement/prospectus.

Q: WHAT ARE THE RPM STOCKHOLDERS BEING ASKED TO VOTE ON AT THE MEETING?

A: The RPM stockholders are being asked to vote on the proposal to approve the merger of RPM with and into LaBranche upon the terms and conditions set forth in the merger agreement. The approval of the merger and the merger agreement requires the affirmative vote of the holders of a majority of the issued and outstanding shares of RPM common stock and entitled to vote. The LaBranche stockholders are not required to vote to approve the merger or the other transactions related to the merger.

Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

A: We are working toward completing the merger as quickly as possible. We anticipate completing the merger shortly after the RPM stockholders' special meeting, assuming that the requisite number of stockholders of RPM approve the merger and the conditions to the merger set forth herein are satisfied or waived.

Q: WHAT RIGHTS WILL I HAVE AS A HOLDER OF LABRANCHE SERIES A PREFERRED STOCK?

A: Each holder of shares of LaBranche Series A preferred stock will be entitled to receive cumulative preferential cash dividends at an annual rate of 8% of the liquidation preference of such shares until the fourth anniversary of the closing of the merger, 10% from the fourth until the fifth anniversary of the closing of the merger, and 10.8% thereafter. The holders of LaBranche Series A preferred stock will also have the opportunity to vote on certain matters that would affect the rights of the LaBranche Series A preferred stockholders, any issuances of LaBranche stock with rights greater than or equal to theirs, and any proposal for the merger or consolidation of LaBranche, the sale of more than 50% of LaBranche's consolidated assets, or any similar transaction. As a holder of LaBranche Series A preferred stock, you will be entitled to a preference in payment upon a liquidation of LaBranche.

Q: WHAT ARE THE TAX CONSEQUENCES OF THE MERGER TO ME?

A: The merger generally will not be taxable to LaBranche, RPM or the RPM stockholders, except for any cash the RPM stockholders receive in lieu of fractional shares of LaBranche common stock. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR FOR A FULL UNDERSTANDING OF THE TAX CONSEQUENCES OF THE MERGER.

Q: WHAT RIGHTS DO I HAVE IF I OPPOSE THE MERGER?

A: Under Delaware law, you are entitled to dissenters' rights. If you do not vote in favor of the merger and you properly elect to exercise your dissenters' rights as described under "The Merger--Dissenters' Appraisal Rights" and in ANNEX B, you may be entitled to receive in cash an amount equal to the "fair value" of your RPM common stock as determined by a court. The fair value could be equal to, less than or more than the value of the shares you would receive in the merger. Pursuant to the stockholder agreement you are being asked to sign as a condition to the closing of the merger, a copy of the form of which has been filed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part, you will be asked to waive the dissenters' rights described above.

Q: WHAT DO I NEED TO DO NOW?

A: After carefully reading and considering the information contained in this proxy statement/ prospectus, please fill out, sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares will be represented at the RPM stockholders' special meeting. To ensure that we obtain your vote, please return your proxy card even if you currently plan

to attend the RPM stockholders' special meeting in person. The proxy card will not be used if you attend and vote at the RPM stockholders' special meeting in person.

Q: WHERE AND WHEN IS THE RPM STOCKHOLDERS' SPECIAL MEETING?

A: The RPM stockholders' special meeting will be held at the offices of RPM, 20 Broad Street, 6th Floor, New York, New York 10005 on March 12, 2001, at 10:00 a.m. local time, unless adjourned to a later date.

Q: WHO CAN VOTE?

A: All record holders of RPM common stock at the close of business on February 20, 2001 can vote at the RPM stockholders' special meeting.

WHO CAN HELP ANSWER YOUR QUESTIONS

If you would like additional copies of this document, or if you would like to ask any additional questions about the merger, you should contact:

Nathan J. Mistretta
Executive Vice President--Finance and Administration,
Secretary and Treasurer
ROBB PECK McCOOEY Financial Services, Inc.
20 Broad Street, 6th Floor
New York, New York 10005
(212) 422-7622

SUMMARY

THE FOLLOWING SUMMARY HIGHLIGHTS SELECTED INFORMATION CONTAINED IN THIS PROXY STATEMENT/PROSPECTUS AND MAY NOT CONTAIN ALL THE INFORMATION THAT IS IMPORTANT TO YOU. THIS PROXY STATEMENT/PROSPECTUS INCLUDES SPECIFIC TERMS OF THE MERGER, AS WELL AS INFORMATION REGARDING LABRANCHE'S AND RPM'S RESPECTIVE BUSINESSES AND DETAILED FINANCIAL DATA. TO UNDERSTAND THE MERGER FULLY AND FOR A MORE COMPLETE DESCRIPTION OF THE LEGAL TERMS OF THE MERGER, YOU SHOULD READ THIS DOCUMENT, AS WELL AS THE DOCUMENTS TO WHICH WE REFER YOU, CAREFULLY. WE ENCOURAGE YOU TO READ THIS PROXY STATEMENT/PROSPECTUS IN ITS ENTIRETY. WE HAVE INDICATED PAGE NUMBERS PARENTHETICALLY TO DIRECT YOU TO A MORE COMPLETE DESCRIPTION OF SOME OF THE TOPICS IN THIS SUMMARY.

THE COMPANIES

LABRANCHE & CO INC. (Page 81)

Organized in 1999 as a holding company in connection with the reorganization of LaBranche & Co. from partnership to corporate form and the related initial public offering of its common stock, LaBranche & Co Inc. is the parent of LaBranche & Co. LLC, one of the oldest and largest specialist firms on the New York Stock Exchange, or the NYSE. As a NYSE specialist, LaBranche's role is to maintain, as far as practicable, a fair and orderly market in its specialist stocks. In doing so, LaBranche provides a service to its listed companies and to the brokers, traders and their respective customers who trade in its specialist stocks. As a result of its commitment to providing high quality specialist services, LaBranche has developed a strong reputation among its constituencies,

including investors, members of the Wall Street community and listed companies.

LaBranche's business has grown considerably during the past five years. Its revenues have increased from about $37.2 million in 1995 to $344.8 million in 2000, representing a compound annual growth rate of 56.1%. It has accomplished this growth both internally and through selective acquisitions. Since the NYSE implemented its new specialist allocation process in March 1997, LaBranche has been selected by 67 new listed companies, resulting from 117 listing interviews. In addition LaBranche has acquired five NYSE specialist operations since 1997, adding 281 new NYSE common stocks to the list of stocks for which it acts as specialist. During the past five years, LaBranche has also increased the scope of its business, as illustrated by the following data obtained from the NYSE:

- the annual dollar volume on the NYSE of stocks for which LaBranche has acted as specialist increased to $2.2 trillion in 2000, as compared to $133.3 billion in 1995. Based on these dollar volumes, LaBranche was the largest specialist firm in 2000 as compared to the eighth largest in 1995;

- the annual share volume on the NYSE of stocks for which LaBranche has acted as specialist increased to 52.7 billion in 2000, as compared to 4.0 billion in 1995. Based on these share volumes, LaBranche was the largest specialist firm in 2000 as compared to the sixth largest in 1995;

- the total number of LaBranche's common stock listings increased to 386 as of December 31, 2000, as compared to 125 as of December 31, 1995. Based on the number of its common stock listings, LaBranche was the third largest specialist firm as of December 31, 2000 as compared to the fifth largest as of December 31, 1995. In addition, LaBranche acts as specialist for 134 other listed securities.

LaBranche is a Delaware corporation that was incorporated in June 1999. Its principal executive offices are located at One Exchange Plaza, 25th Floor, New York, New York 10006, and its telephone number is (212) 425-1144.

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ROBB PECK MCCOOEY FINANCIAL SERVICES, INC. (Page 107)

During 2000, RPM was the sixth largest specialist firm on the NYSE based on its share of NYSE common stock trading volume and total number of common stock listings. RPM began its specialist operations in 1925, and as of December 31, 2000 acted as specialist for 203 NYSE listed stocks, including 129 NYSE listed common stocks. These listed stocks included 15 of the 250 most actively traded common stocks, 21 of the stocks comprising the S&P 500 and three of the 30 Dow Jones Industrial Average stocks. Selected stocks handled by RPM as specialist include Bristol-Myers Squibb Company, Cigna Corporation, CSX Corporation, Delta Air Lines, E.I. duPont de Nemours, Eastman Kodak Company, H.J. Heinz Company, Philip Morris Companies, Inc., United Parcel Service, Wells Fargo & Company and Whirlpool Corporation. RPM's strong portfolio of U.S. companies is enhanced by a diverse portfolio of foreign companies including Telecom Brasileiras S.A. (Telebras) of Brazil, Nippon Telegraph & Telephone Corporation of Japan, ScottishPower, Jefferson Smurfit Group PLC of Ireland, Tele Danmark A/S, Compania De Telecomunicaciones De Chile S.A. (Chilean Telephone), Telecom Argentina Stet-France Telecom S.A., Grupo Televisa, S.A. and Cemex, S.A. de C.V. of Mexico.

RPM owns a 25% interest in Freedom Specialist Inc.--R. Adrian & Co., LLC--ROBB PECK McCOOEY Specialist Corporation Joint Account, an entity that serves as specialist for 34 NYSE listed stocks as of December 31, 2000, including 28 NYSE common stock listings. These listed stocks include two of the 250 most actively traded common stocks and four S&P 500 stocks. Freedom Specialist Inc. also owns 25% of the joint account and R. Adrian & Co., LLC owns

50% of the joint account. RPM acts as manager of this joint account.

For the past 25 years, RPM also has provided clearing, execution and other services to a variety of customers, including NYSE specialist firms, broker-dealers, financial institutions, traders and professional investors. These services are provided utilizing RPM's in-house data processing system, which enables tailor-made reports to be provided to RPM's clients. RPM clears for its specialist operations, and these clearing activities for the specialist operations accounted for about 5.6% of RPM's clearing revenues for the year ended April 28, 2000 and about 5.3% of RPM's clearing revenues for the six months ended October 27, 2000.

RPM is a Delaware corporation that was incorporated in August 1985. Its principal executive offices are located at 20 Broad Street, 6th Floor, New York, New York 10005 and its telephone number is (212) 422-7622.

THE RPM STOCKHOLDERS' SPECIAL MEETING (Page 35)

DATE, TIME AND PLACE

The special meeting will be held at the offices of RPM, 20 Broad Street, 6th Floor, New York, New York 10005 on March 12, 2001, beginning at 10:00 a.m., local time, unless adjourned to a later date.

PURPOSE OF THE RPM STOCKHOLDERS' SPECIAL MEETING (Page 35)

At the special meeting, RPM stockholders will be asked to vote on a proposal to approve the Agreement and Plan of Merger, dated as of January 18, 2001, as amended on February 15, 2001, attached to this proxy statement/prospectus as ANNEX A. That document provides for the merger of RPM with and into LaBranche, with LaBranche being the surviving corporation. At the effective time of the merger, RPM will cease to exist. The merger agreement is the principal legal document that governs the terms and conditions of the merger and we encourage you to read it along with this proxy statement/prospectus.

RECOMMENDATION OF THE BOARD OF DIRECTORS OF RPM (Page 41)

The board of directors of RPM recommends that RPM stockholders vote FOR the approval of the merger and the merger agreement. See "The Merger--Interests of RPM Directors and Executive

Officers in the Merger" for a discussion of conflicts of interest that certain directors and executive officers of RPM may have in connection with the merger and the other transactions contemplated in the merger agreement.

THE MERGER (Page 37)

TERMS OF THE MERGER (Page 37)

The merger agreement provides for the merger of RPM with and into LaBranche. For each share of RPM common stock they own, RPM stockholders will receive 98.778 shares of LaBranche common stock and shares of LaBranche Series A preferred stock with an aggregate liquidation preference of $1,426.53. The shares of LaBranche Series A preferred stock to be issued in the merger are subject to the RPM stockholders' indemnification obligations. In addition, RPM stockholders could be required to return to LaBranche a portion of the shares of LaBranche Series A preferred stock, or may receive from LaBranche additional shares of LaBranche Series A preferred stock, based on the final calculation of RPM's adjusted net book value (as defined in the merger agreement) as of the closing date of the merger. Each share of LaBranche Series A preferred stock to

be received in the merger will entitle the holder thereof to:

- cumulative preferred cash dividends at an annual rate of 8% of the liquidation preference per share until the fourth anniversary of the closing of the merger, 10% until the fifth anniversary of the closing, and 10.8% thereafter;

- certain voting rights; and

- preferred distributions if LaBranche is liquidated.

Only whole shares of LaBranche common stock will be issued. RPM stockholders will receive cash instead of any fractional interest in a share of LaBranche common stock.

In addition, RPM and each of its option holders have amended their option agreements to provide for immediate vesting and conversion upon consummation of the merger of each RPM option into an option to purchase 98.778 shares of LaBranche common stock.

A portion of the shares of LaBranche Series A preferred stock issuable to the RPM stockholders in the merger will be held in escrow for a period of 18 months to satisfy any indemnification payment obligations to LaBranche under the merger agreement. An additional portion of the Series A preferred stock will be held in escrow pending a final calculation of RPM's adjusted net book value (as defined in the merger agreement) as of the closing date of the merger. To the extent the adjusted net book value of RPM as of the closing date of the merger is different from the aggregate liquidation preference of the shares of Series A preferred stock issued on the closing date of the merger, the number of shares issued to the RPM stockholders will be adjusted accordingly. It is currently anticipated that 100,000 shares of LaBranche Series A preferred stock will be issued at the closing.

As a result of the merger, RPM stockholders will own about 12.4% and LaBranche stockholders immediately before the merger will own about 87.6% of the outstanding shares of LaBranche common stock following the merger. These percentages are based on the number of shares of LaBranche common stock and RPM common stock outstanding on January 18, 2001.

EFFECTIVE TIME OF THE MERGER (Page 37)

As soon as practicable after the conditions to consummation of the merger described below have been satisfied or waived, and unless the merger agreement has been terminated as provided below, a certificate of merger will be filed with the Secretary of State of the State of Delaware, at which time the merger will become effective. It is presently contemplated that the effective time will be as soon as practicable after approval of the merger at the special meeting of RPM's stockholders or any adjournment thereof and after the registration statement containing this proxy statement/prospectus is

declared effective by the SEC. If the RPM stockholders do not approve the merger agreement and the merger, the merger agreement will terminate and the merger will not become effective.

RPM'S REASONS FOR THE MERGER (Page 41)

RPM believes that LaBranche and RPM have complementary assets, resources and expertise that should enable the merged companies to compete more effectively together than they could separately. RPM also believes that the merger will afford RPM stockholders an opportunity to participate in the potential for

diversified and enhanced growth after the merger and that the RPM stockholders will gain liquidity by receiving publicly traded common stock of LaBranche for their RPM common stock, which is not publicly traded.

LABRANCHE'S REASONS FOR THE MERGER (Page 42)

LaBranche believes that the acquisition of RPM will strengthen its position in the specialist market and will complement its position in the specialist and broker-dealer fields. LaBranche also believes that the two companies' businesses are substantially similar and that their combination offers the opportunity to enhance their combined revenues without a corresponding increase in expenses.

DISSENTERS' APPRAISAL RIGHTS (Page 42)

The RPM stockholders have the right to dissent from the merger and to demand and obtain a cash payment equal to the appraised value of the shares of RPM common stock held by them under the circumstances described in this proxy statement/prospectus. The appraised value that a dissenting RPM stockholder obtains for his shares of RPM common stock by dissenting will be determined by a court and may be less than, equal to or greater than the value of the merger consideration provided for in the merger agreement. If an RPM stockholder fails to comply precisely with the procedural requirements of Section 262 of the Delaware General Corporation Law, a copy of which is annexed to this proxy statement/prospectus as ANNEX B, the stockholder will lose his right to dissent and seek payment for the appraised value of his shares of RPM common stock. By signing the RPM stockholder agreement you are being asked to sign as a condition to the closing of the merger, you will waive these dissenters' rights.

TAX CONSEQUENCES (Page 43)

The merger is structured so that the RPM stockholders will not recognize gain or loss for federal income tax purposes for the shares of LaBranche common stock and Series A preferred stock they receive in the merger. Kelley Drye & Warren LLP, legal counsel for RPM, has issued an opinion to this effect, a copy of which is annexed to this proxy statement/prospectus as ANNEX C. RPM stockholders will be taxed only on cash they receive in lieu of fractional shares of LaBranche common stock. Tax matters are complicated, and tax results may vary among stockholders. We urge you to contact your own tax advisor to understand fully how the merger will affect you.

ACCOUNTING TREATMENT (Page 45)

The merger will be accounted for by LaBranche under the purchase method of accounting. Accordingly, the merger consideration will be allocated among the assets of RPM based on their respective estimated fair market values at the effective time of the merger, and any excess of the value of the merger consideration over such fair market values will be accounted for as intangible assets and goodwill. The financial statements of LaBranche will reflect the combined operations of LaBranche and RPM from the effective time of the merger.

NO SOLICITATION (Page 45)

Pending the closing of the merger, RPM has agreed that it will not, directly or indirectly:

- solicit, initiate or encourage the submission of any competing acquisition proposal;

- participate in or encourage, including by way of furnishing any non-public information, any discussions or negotiations regarding any competing

acquisition proposal; or

- enter into any definitive agreement relating to any competing acquisition proposal.

INTERESTS OF RPM DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER (Page 46)

Certain directors and executive officers of RPM have interests in the merger that are different from, or in addition to, your interests. These interests relate to, among other things, directorships and officer positions with LaBranche or its subsidiaries after the merger, receipt of accelerated payments under a supplemental executive retirement plan, receipt of registration rights, participation in RPM's Deferred Compensation Plan, participation in RPM's retention bonus pool, and rights under the RPM option amendments. In addition, at or prior to the closing, RPM will dispose of its real estate management subsidiary, which manages and owns, through its subsidiaries, real estate, to George E. Robb, Jr., RPM's President and controlling stockholder.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF LABRANCHE AFTER THE MERGER (Page 47)

There currently are eight members of the LaBranche board of directors. Upon completion of the merger, the number of directors on the board will be increased to ten. Following the merger:

- Michael LaBranche, currently Chairman, President and Chief Executive Officer of LaBranche, will continue to serve as Chairman, President and Chief Executive Officer of LaBranche;

- Robert M. Murphy, currently the Executive Vice President of RPM, will become a Class I director of LaBranche and the Chief Executive Officer of LaBranche & Co. LLC;

- George E. Robb, Jr., currently the President of RPM, will become a Class II director of LaBranche; and

- the remainder of the directors and executive officers of LaBranche prior to the merger will continue to hold their respective directorships and executive officer positions with LaBranche.

THE MERGER AGREEMENT (Page 48)

REPRESENTATIONS AND WARRANTIES (Page 49)

Both RPM and LaBranche have made customary representations and warranties to each other in the merger agreement. All such representations and warranties, except those relating to taxes and ERISA matters, will survive the closing of the merger and for a period of 18 months thereafter. The representations and warranties relating to taxes and ERISA matters will survive until the expiration of the statute of limitation periods applicable to those claims.

REPRESENTATIONS AND WARRANTIES OF THE RPM STOCKHOLDERS AND OPTION HOLDERS (Page 50)

In addition, each of the RPM stockholders will make certain representations and warranties in a separate stockholder agreement with LaBranche, and each of the RPM option holders will make certain representations and warranties in a separate indemnification agreement with LaBranche.

REGULATORY APPROVALS (Page 51)

It is a condition to the merger that LaBranche and RPM obtain any and all

authorizations, permits, approvals and consents of any governmental entity and regulatory authority, including the

NYSE, the SEC, the NASD, the CBOE and the AMEX and that the merger be in compliance with all applicable state and federal securities laws. As of February 15, 2001, LaBranche and RPM were still in the process of obtaining the necessary authorizations, permits, approvals and consents from these entities. It is also a condition to the merger that the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has expired. LaBranche and RPM were granted early termination of the waiting period for the merger under the Hart-Scott-Rodino Act by the Federal Trade Commission and the Department of Justice on December 8, 2000. If any other approval or action is required, LaBranche and RPM will seek that approval or action. There can be no assurance that any approval or action, if required, will be obtained on a timely basis, if at all.

CERTAIN COVENANTS (Page 51)

Until the closing of the merger, each of RPM and LaBranche has agreed to carry on its and its subsidiaries' respective businesses in the ordinary course and consistent with past practice. Each of RPM and LaBranche also has agreed not to take, or agree to take, any actions that would adversely affect its business or financial condition. Until the closing of the merger, each of RPM and LaBranche has agreed to use all reasonable efforts consistent with past practice and policies to maintain its and its subsidiaries' respective registrations and good standing with the SEC, NASD, NYSE, AMEX, any regional market on which it conducts business, and states where such registration is required under the securities laws of such states.

RPM has agreed to cause a meeting of the RPM stockholders to be held as soon as reasonably practicable after the signing of the merger agreement. The RPM board of directors has agreed to recommend approval of the merger agreement by its stockholders and to take all reasonable and lawful action to solicit and obtain such approval.

The merger agreement also contains other mutual covenants of the parties, including covenants relating to preparation and filing of all required documents with the proper governmental agencies, maintaining the confidentiality of all information disclosed to each other in connection with the merger, using all reasonable efforts to obtain all necessary consents, approvals or waivers, as applicable, of third parties or governmental agencies to the merger, providing access to information of the other party in connection with its businesses and advising the other party as to material changes in its businesses.

INDEMNIFICATION BY RPM STOCKHOLDERS AND OPTION HOLDERS (Page 53)

Under the merger agreement, the RPM stockholders and option holders are required to indemnify LaBranche for breaches by RPM of its representations, warranties and covenants contained in the merger agreement. The RPM stockholders are required to indemnify LaBranche for breaches of their representations and warranties contained in their stockholder agreements, and the RPM option holders are required to indemnify LaBranche for breaches of their representations and warranties contained in their indemnification agreements. The RPM stockholders and option holders generally will be liable for such indemnification only if and to the extent that the total amount of damages suffered by LaBranche on account of such breaches exceeds a threshold of $1.0 million. The total indemnification liability of the RPM stockholders will be limited to:

- 10% of the closing value (as defined in the merger agreement) of the LaBranche common stock to be distributed to them in the merger

($31.4 million if the closing had occurred on February 13, 2001), plus

- 10% of the liquidation value of the LaBranche Series A preferred stock to be distributed to them in the merger (expected to be about $10.0 million), plus

- an amount expected to be about $14.4 million (assuming no further exercise of RPM stock options prior to the closing of the merger).

The total indemnification liability of the RPM option holders will be limited to:

- 10% of the closing value of the LaBranche common stock to be issued to them upon exercise of their amended RPM stock options ($12.6 million if the closing had occurred on February 13, 2001), plus

- 10% of the amount of the benefits payable, excluding interest, under the RPM Deferred Compensation Plan, (about $3.0 million), plus

- an amount expected to be about $5.6 million (assuming no further exercises of RPM stock options prior to the closing of the merger).

The RPM option holders' indemnification obligations to LaBranche may be satisfied only by a reduction in the benefits otherwise payable to them under the RPM Deferred Compensation Plan. LaBranche also will indemnify the RPM stockholders and option holders against breaches of its representations, warranties and covenants contained in the merger agreement, subject to a minimum threshold amount of $1.0 million and a maximum liability equal to the aggregate of the maximum liability of the RPM stockholders and option holders.

ESCROW OF SERIES A PREFERRED STOCK (Page 54)

At the effective time of the merger, LaBranche will deposit with an escrow agent a portion of the shares of Series A preferred stock to be issued to the RPM stockholders in the merger. The shares deposited will have a total liquidation value equal to the maximum indemnification liability of the RPM stockholders to LaBranche as described above and will be held in escrow to satisfy these indemnification obligations, if there are any, of the RPM stockholders. The escrow arrangement will terminate 18 months after the closing of the merger, except that if there are unresolved pending claims for indemnification on that date, shares will be retained in escrow to cover those claims until they are resolved. LaBranche's remedies for satisfaction of indemnification claims against the RPM stockholders, if any, will be limited to recovery of the shares held in the escrow, except that, after termination of the escrow, LaBranche will still have recourse to shares distributed from the escrow to the RPM stockholders, or to the cash proceeds of any sale of those shares, with respect to claims for tax and ERISA matters.

An additional portion of the Series A preferred stock will be held in escrow to provide for the RPM stockholders' possible obligation to return a portion of the shares of LaBranche Series A preferred stock to LaBranche based on the final calculation of RPM's adjusted net book value (as defined in the merger agreement) as of the closing date of the merger. The escrowed shares will be distributed to the RPM stockholders after the final calculation of RPM's adjusted net book value as of the closing of the merger, except to the extent required to be returned to LaBranche as a result of that calculation.

CONDITIONS TO THE MERGER (Page 55)

Various conditions must be satisfied before LaBranche and RPM complete the

merger. Some of these conditions apply to both LaBranche and RPM, which means that if the conditions are not met, neither LaBranche nor RPM will have an obligation to complete the merger. Some conditions apply only to LaBranche, which means that if the conditions are not met, RPM will have an obligation to complete the merger but LaBranche will not. The remainder of the conditions apply only to RPM, which means that if the conditions are not met, LaBranche will be obligated to complete the merger but RPM will not. If these conditions are not met or waived, even if the RPM stockholders approve the merger, the closing will not occur.

TERMINATION OF THE MERGER AGREEMENT (Page 57)

The merger agreement may be terminated at any time prior to the effective time, whether before or after the approval of the RPM stockholders:

- by mutual consent of LaBranche and RPM;

- by LaBranche, if:

  - it has not breached any of its material obligations under the merger agreement and either (1) RPM has materially breached and failed to cure within 15 days any of its representations, warranties and covenants under the merger agreement, or (2) the closing of the merger has not occurred by June 30, 2001 by reason of the failure of any conditions precedent to LaBranche's obligation to complete the merger;

  - the RPM stockholders' special meeting has not occurred within 25 calendar days, subject to possible extension, after the registration statement containing this proxy statement/ prospectus has been declared effective by the SEC;

  - at the RPM stockholders' special meeting, the requisite vote of the RPM stockholders to approve the merger is not obtained; or

  - the volume-weighted average sales price of LaBranche's common stock for any 20 consecutive trading days before the closing of the merger is more than $38.00 per share; or

- by RPM, if:

  - it has not breached any of its material obligations under the merger agreement and either (1) LaBranche has materially breached and failed to cure within 15 days any of its representations, warranties and covenants under the merger agreement, or (2) the closing of the merger has not occurred by June 30, 2001 by reason of the failure of any conditions precedent to RPM's obligation to complete the merger; or

  - the volume-weighted average sales price of LaBranche's common stock for any five consecutive trading days before the closing of the Merger is less than $15.00 per share.

TERMINATION FEE (Page 58)

If the merger agreement is terminated by LaBranche because the RPM stockholders' special meeting has not occurred within 25 calendar days after the registration statement containing this proxy statement/prospectus has been declared effective by the SEC and copies of the final prospectus have been delivered to RPM to allow it to provide for distribution to its stockholders (subject to extension to 25 business days to allow for compliance with applicable law) or if the RPM stockholders do not approve the merger at the RPM

stockholders' special meeting, RPM will be required to pay to LaBranche a fee of $10.0 million.

DEFERRED COMPENSATION PLAN (Page 58)

At the effective time of the merger, LaBranche will succeed to RPM's liabilities and obligations under the RPM Deferred Compensation Plan. The RPM Deferred Compensation Plan provides for the payment, on or before the date that is 81 months after the closing of the merger, of about $30.2 million, plus interest at 8%, to the RPM option holders. While the payment of benefits under the RPM Deferred Compensation Plan may be accelerated in certain circumstances, no more than $6.0 million in deferred compensation benefits (including interest) may be paid in any 12 consecutive month period. If the plan is terminated, the deferred compensation benefits (including interest) of all participants, to the extent not previously paid, must be distributed to the participants in a lump sum. The amounts payable under the RPM Deferred Compensation Plan may be reduced to satisfy indemnification obligations of the RPM option holders to LaBranche, if there are any.

RETENTION BONUS POOL (Page 59)

At the effective time of the merger, LaBranche will succeed to RPM's liabilities and obligations under RPM's retention bonus pool. The RPM retention bonus pool requires $9.0 million to be payable as bonus compensation on the third anniversary of the closing date of the merger to as many as 31 employees of RPM. The portion of this retention bonus pool payable to each of these persons will be determined by the majority vote of a committee of LaBranche's board of directors consisting of Robert M. Murphy, George E. Robb, Jr. and Michael LaBranche or their respective successors. If any of these persons' employment with LaBranche or any of its subsidiaries terminates for certain reasons prior to the third anniversary of the closing of the merger, the employee will no longer be eligible to participate in this retention bonus pool. No payments out of the retention bonus pool may be made if LaBranche is not current in its payment of dividends on the outstanding shares of LaBranche Series A preferred stock.

REGISTRATION RIGHTS AGREEMENT (Page 59)

As a condition to the closing of the merger, LaBranche will enter into a registration rights agreement with George E. Robb, Jr., RPM's President, and Robert M. Murphy, RPM's Executive Vice President. Pursuant to the registration rights agreement. Messrs. Robb, Jr. and Murphy will have the right to request that LaBranche register all or a portion of the shares of LaBranche common stock that they hold for public resale. The registration rights agreement also provides that, if LaBranche determines to conduct a public offering of its stock, either for its own account or for the account of any of its other stockholders, LaBranche will offer Messrs. Robb, Jr. and Murphy the opportunity to include all or a portion of their shares of LaBranche common stock in that registration statement. Under the registration rights agreement, LaBranche will be required to pay all expenses of Messrs. Robb, Jr. and Murphy in any registration effected under the agreement.

STOCK OPTIONS (Page 59)

Each outstanding agreement governing options to purchase shares of RPM common stock has been amended to provide that such options become immediately vested and converted into options to acquire shares of LaBranche common stock at the effective time of the merger. At that time, an option to purchase shares of RPM common stock will become exercisable for the number of shares of LaBranche common stock equal to the product of:

- the number of shares of RPM common stock subject to the original RPM stock option; and

- 98.778.

The exercise price per share of LaBranche common stock underlying each amended option will be equal to the price obtained by dividing:

- the exercise price per share of RPM common stock subject to the original RPM stock option; by

- 98.778.

LaBranche has agreed to use its reasonable best efforts to file a registration statement with respect to the shares of LaBranche common stock underlying the amended stock options not later than ten business days following the closing of the merger.

DISPOSITION OF REAL ESTATE MANAGEMENT OPERATIONS (Page 60)

A condition to LaBranche's obligation to complete the merger is the disposition by RPM of its subsidiary, ROBB PECK McCOOEY Real Estate Management Corp., or Remco, to George E. Robb, Jr. Mr. Robb, Jr. is the President and controlling stockholder of RPM. Remco engages in real estate management activities and, through its subsidiaries, owns real property. The real estate held through Remco and the associated real estate management activities are unrelated to the business and

operations of RPM. LaBranche does not desire to assume the business conducted by Remco and is requiring that RPM dispose of Remco prior to the consummation of the merger. RPM's interest in Remco will be transferred to Mr. Robb, Jr. as consideration for Mr. Robb, Jr.'s relinquishment of his controlling interest in RPM. It is currently contemplated that this disposition and transfer to Mr. Robb, Jr. will be effected through a series of mergers of Remco and Remco's subsidiaries into a newly created limited liability company controlled by Mr. Robb, Jr. in which Mitchell Low, President of Remco, will have a limited participation interest. As of December 31, 2000, Remco and its subsidiaries had a recorded net book value of about $7.3 million.

STOCK TRANSFER RESTRICTION AGREEMENTS WITH RESPECT TO LABRANCHE SERIES A PREFERRED STOCK (Page 60)

In connection with, and as a condition to LaBranche's obligation to complete the merger, the RPM stockholders must enter into stockholder agreements with LaBranche pursuant to which they will agree not to sell or otherwise dispose of the shares of LaBranche Series A preferred stock they will receive in the merger without the prior written consent of LaBranche, except in certain limited circumstances.

BASE COMPENSATION AND OTHER BENEFITS TO FORMER RPM EMPLOYEES (Page 61)

LaBranche has agreed in the merger agreement to provide to the employees of RPM who become employees of LaBranche or any of its subsidiaries after the merger base compensation and employee benefits, including health and welfare benefits, life insurance and vacation, on terms and conditions that are no less favorable than the base compensation and employee benefits provided to similarly situated employees of LaBranche or such subsidiary.

MATERIAL DIFFERENCES IN RIGHTS OF LABRANCHE AND RPM STOCKHOLDERS (Page 128)

Upon consummation of the merger, RPM stockholders will become stockholders of LaBranche, and their rights as stockholders will be governed by the certificate of incorporation and bylaws of LaBranche. There are a number of significant differences between the certificates of incorporation and bylaws of LaBranche and RPM. However, since LaBranche and RPM are both Delaware corporations, the rights of RPM stockholders will continue to be governed by Delaware law after the merger.

MARKET PRICE INFORMATION (Page 133)

LaBranche's initial public offering was completed on August 24, 1999 and its common stock is traded on the New York Stock Exchange under the symbol "LAB." RPM is a privately held company and its stock is not traded or quoted in any public market. The following table shows, for the calendar quarters indicated, based on published financial sources, the high and low closing sale prices of shares of LaBranche common stock on the NYSE:

CALENDAR PERIOD		PRICE PER SHARE HIGH	LOW
1999			
	Third Quarter (from August 24).....	$14.25	$11.19
	Fourth Quarter.....	13.38	9.38
2000			
	First Quarter.....	15.38	11.31
	Second Quarter.....	17.63	11.13
	Third Quarter.....	36.25	15.44
	Fourth Quarter.....	39.63	22.19
2001			
	First Quarter (through February 15).....	50.55	27.69

On February 15, 2001, the closing price per share of LaBranche common stock on the NYSE was $50.55. As of February 15, 2001, LaBranche had about 117 stockholders of record. Since many of LaBranche's outstanding shares are held by brokers or other nominees, the number of record holders is not representative of the number of beneficial holders. LaBranche has never declared or paid cash dividends on its capital stock. Other than the dividends payable on the Series A preferred stock in the future, LaBranche currently anticipates that it will retain earnings to support its operations and to finance the growth and development of its business, and it does not anticipate paying any cash dividends on its common stock in the future.

The table below presents:

- the last reported sale price of one share of LaBranche common stock on each of the dates indicated, as reported by the NYSE; and

- the market value of one share of RPM common stock on an equivalent per share basis.

In each case below, it is assumed that the merger had been completed on each of January 18, 2001, the last full trading day before the public announcement of the execution of the merger agreement, and on February 15, 2001, the last day for which this information could be calculated before the date of this proxy

statement/prospectus. The equivalent price per share data for the RPM common stock has been determined by multiplying the last reported sale price of one share of LaBranche common stock on each of the indicated dates by 98.778 and then adding $1,426.53, the liquidation value of LaBranche Series A preferred stock to be issued at closing for each share of RPM common stock held by them:

DATE	LABRANCHE COMMON STOCK	EQUIVALENT PRICE PER SHARE OF RPM COMMON STOCK
January 18, 2001	$36.88	$5,069.46
February 15, 2001	$50.55	$6,419.76

There are 13 holders of record of RPM common stock. No established trading market for the RPM common stock exists. All shares of RPM preferred stock will be redeemed by RPM before the closing of the merger.

CASH DIVIDEND POLICY (Page 134)

Neither LaBranche nor RPM has ever paid dividends on its common stock.

RISK FACTORS (Page 20)

For a discussion of some risk factors that should be considered by prospective investors in connection with an investment in LaBranche common stock, see "Risk Factors."

RECENT OPERATING RESULTS OF LABRANCHE

LaBranche's unaudited revenues increased to $345.0 million in the year ended December 31, 2000, from $201.0 million in the year ended December 31, 1999. LaBranche's unaudited net income increased to $82.0 million in the year ended December 31, 2000, compared to $29.0 million in the year ended December 31, 1999.

RISK FACTORS

YOU SHOULD CONSIDER CAREFULLY THE FOLLOWING RISKS BEFORE YOU VOTE ON THE MERGER OR OTHER PROPOSALS OR DECIDE TO MAKE AN INVESTMENT IN THE COMMON STOCK AND PREFERRED STOCK OF LABRANCHE. THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE SOME OF THE MATERIAL RISKS THAT WE FACE.

RISKS RELATED TO THE MERGER

THE MARKET VALUE OF THE LABRANCHE SHARES RECEIVED IN THE MERGER WILL FLUCTUATE.

The share exchange ratio in the merger is fixed. This means that the exchange ratio will not be adjusted to reflect changes in the market value of the LaBranche common stock and Series A preferred stock. The market value of LaBranche common stock at the effective time of the merger may vary significantly from the price as of the date the merger agreement was executed, the date of this proxy statement/prospectus or the date on which RPM stockholders vote on the merger. For example, during the period beginning on February 1, 2000 and ending on February 15, 2001, the most recent practicable date prior to the mailing of this proxy statement/prospectus, the closing price of LaBranche common stock on the NYSE ranged from a low of $45.76 to a high of

$50.55 and ended that period at $50.55. Past stock performance is not an indication of future market performance.

The merger may not be completed immediately following the RPM stockholders' special meeting, as is currently planned. Regulatory or other factors could lead to delays in completing the merger. At the time of the RPM stockholders' special meeting, RPM stockholders will not know the exact value of the LaBranche common stock that will be issued in connection with the merger. LaBranche and RPM urge you to obtain current market quotations of LaBranche common stock. Neither LaBranche nor RPM can assure you as to the market price of LaBranche common stock at any time.

WE MAY ENCOUNTER PROBLEMS EFFECTIVELY INTEGRATING RPM IF THE MERGER IS COMPLETED.

Integrating the operations and personnel of RPM into LaBranche will be a complex process, and we are uncertain that the integration will be completed in a timely manner or that we will achieve the anticipated benefits of the merger. The acquisition of RPM is larger than any of our prior acquisitions. In addition to the risks described below in connection with acquisitions generally, the ultimate success of the merger is dependent on the following factors:

- our ability to maintain a relationship with the listed companies in whose stocks RPM currently makes a market, as well as our ability to maintain the base of stocks for which we make a market;

- our ability to integrate RPM's and our clearing operations;

- our ability to successfully integrate RPM's specialist activities and operating systems into ours; and

- our ability to retain and incentivize RPM's employees.

IF WE DO NOT SUCCESSFULLY INTEGRATE RPM, OR IF THE MERGER'S BENEFITS DO NOT MEET THE EXPECTATIONS OF INVESTORS OR FINANCIAL OR INDUSTRY ANALYSTS, THE MARKET PRICE OF OUR COMMON STOCK THAT YOU RECEIVE IN THE MERGER MAY DECLINE.

We cannot assure you that we will be able to successfully integrate the business of RPM with our existing business operations. The RPM acquisition may result in unforeseen operating difficulties and expenditures. It may also require significant management attention that would otherwise be available for ongoing development of our business. Moreover, we cannot assure you that the anticipated benefits of the RPM acquisition will be realized. As a result of the RPM acquisition, we will incur amortization

expenses related to goodwill and other intangible assets, and we may incur contingent liabilities of which we are not aware.

As part of our acquisition of RPM, we will acquire its clearing operations. We have limited experience operating a clearing business and may not be familiar with all of the risks associated with the clearing business. We cannot assure you that we will successfully operate and manage RPM's clearing business.

The market price of our common stock may decline as a result of the merger if:

- we do not achieve the benefits of the merger as rapidly as, or to the extent, anticipated by financial or industry analysts;

- our assumptions about RPM's business model and operations prove incorrect,

and the effect of the merger on our financial results is not consistent with the expectations of financial or industry analysts; or

- our significant stockholders following the merger determine to dispose of their shares of LaBranche common stock because the results of the merger are not consistent with their expectations.

FAILURE TO COMPLETE THE MERGER COULD NEGATIVELY IMPACT US.

If the merger is not completed for any reason, we will be subject to a number of material risks, including:

- the risk of payment of the costs related to the merger, such as legal and accounting fees, which must be paid whether or not the merger is completed;

- the risk that the benefits we expect to realize from the merger, such as the potentially enhanced financial and competitive position of the combined company, may not be realized;

- the risk of adverse publicity and negative perceptions by analysts and investors; and

- the risk of adverse effects on our financial and market position created by the diversion of management attention from day-to-day business and the disruption of our employees' work activities.

UNCERTAINTIES ASSOCIATED WITH THE MERGER MAY CAUSE US TO LOSE KEY PERSONNEL.

Our current and prospective employees may experience uncertainty about their future roles with us. This uncertainty may adversely affect our ability to attract and retain key personnel. In addition, our ability to successfully integrate RPM's business operations into our own may be adversely affected if a significant number of our or their key personnel depart prior to or after the closing of the merger, which would adversely affect our business and results of operations.

THE COMBINED COMPANY WILL INCUR SIGNIFICANT MERGER-RELATED CHARGES AND INTEGRATION COSTS.

The combined company will incur merger-related costs such as financial advisory, legal and accounting fees and financial printing and other related charges. Additional unanticipated costs may be incurred in the integration of LaBranche and RPM.

RPM STOCKHOLDERS COULD LOSE A PORTION OF THE LABRANCHE STOCK TO BE DISTRIBUTED TO THEM.

Under the merger agreement, 5% of the shares of LaBranche Series A preferred stock issuable in the merger must be placed in an escrow account at the closing of the merger instead of being distributed to the RPM stockholders. If the aggregate liquidation preference of the shares of

LaBranche Series A preferred stock delivered to the RPM stockholders at the closing exceeds the adjusted net book value (as defined in the merger agreement) of RPM as of the closing date of the merger, the escrow agent will be required to deliver to LaBranche shares of LaBranche Series A preferred stock with an aggregate liquidation preference equal to the sum of that excess and the RPM stockholders' share of any expenses of the escrow.

Under the merger agreement, additional shares of LaBranche Series A preferred stock having an aggregate liquidation preference equal to the sum of (a) 10% of the value of the aggregate merger consideration and (b) about $14.4 million, must also be placed in the escrow account at the closing of the merger instead of being distributed to the RPM stockholders. LaBranche is entitled to be indemnified against breaches of the representations, warranties, agreements and covenants of RPM contained in the merger agreement. This indemnification obligation will be applicable to the extent that LaBranche's losses suffered or sustained exceed $1.0 million and written notice of such losses is delivered prior to the date that is 18 months following the closing of the merger or, with respect to tax and ERISA losses, prior to the expiration of the statute of limitations applicable thereto.

Under the terms of these escrow arrangements, George E. Robb, Jr., RPM's President, and Robert M. Murphy, RPM's Executive Vice President, will be authorized to defend and to settle, on behalf of all of the former RPM stockholders, any claims asserted by LaBranche. As a result, the former RPM stockholders could lose all or a portion of the LaBranche Series A preferred stock to be placed into escrow.

THE MERGER MAY NOT BE TREATED AS A TAX FREE REORGANIZATION.

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, which would make the transaction generally tax-free to LaBranche, RPM and the RPM stockholders to the extent they receive LaBranche common stock and Series A preferred stock. It is a condition to the obligation of RPM to consummate the merger that it receives an opinion from its counsel that the merger will be treated as a tax-free reorganization. In rendering its opinion, counsel to RPM will rely upon certain representations of RPM and LaBranche, made as of the closing date of the merger. If such representations are untrue, incorrect or incomplete, the merger may not be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and the receipt of the merger consideration by RPM stockholders, as well as the merger, may be taxable.

OFFICERS AND DIRECTORS OF RPM MAY HAVE POTENTIAL CONFLICTS OF INTEREST.

You should be aware that some directors and executive officers of RPM may have interests in the merger that are different from, or in addition to, your interests. At the close of business on the record date, directors and executive officers of RPM owned and were entitled to vote 64,000 shares of RPM common stock, which represented about 91.3% of the shares of RPM common stock outstanding on that date. Many of these persons are entitled to participate in benefit plans that were previously adopted. Messrs. Robb and Murphy, RPM's President and Executive Vice President, respectively, are stockholders of RPM and also will become directors of LaBranche. Mr. Murphy also will become Chief Executive Officer of LaBranche & Co. LLC following the merger. Cornelius F. Bodtmann, RPM's Executive Vice President and a director, Nathan J. Mistretta, RPM's Executive Vice President, Finance and Administration, Secretary and Treasurer, and Mr. Murphy will be entitled to lump sum payments under supplemental executive retirement plans with RPM at the closing of the merger, and Messrs. Robb, Jr. and Murphy will receive registration rights with respect to the shares of common stock they receive in connection with this transaction. In addition, at or prior to the closing of the merger and as a condition to the merger, RPM must dispose of its real estate management subsidiary, which manages and, through its subsidiaries, owns real estate, to George E. Robb, Jr., RPM's President and controlling stockholder. RPM's stockholders should consider whether these interests may have influenced RPM's

directors or executive officers to support or recommend the merger and the other

proposals contained herein.

SOME OF THE RPM STOCKHOLDERS MAY BE SUBJECT TO RULE 145 RESTRICTIONS ON THE TRANSFER OF THEIR LABRANCHE STOCK, AS WELL AS OTHER TRANSFER RESTRICTIONS.

The shares of LaBranche common stock that will be issued to RPM stockholders pursuant to the merger will be freely transferable, except that shares that are delivered to persons who are "affiliates" (as such term is defined in Rule 144 under the Securities Act of 1933) of RPM at the time of the RPM stockholders' special meeting may only be resold by them pursuant to an effective registration statement covering such securities, in transactions permitted by the resale provisions of Rule 145 (or Rule 144 in the case of persons who become affiliates of LaBranche after the merger) or as otherwise permitted under the Securities Act. People who may be deemed to be affiliates of RPM or LaBranche generally include entities that control, are controlled by, or are under common control with, RPM or LaBranche, as the case may be, and may include certain officers and directors of RPM or LaBranche as well as principal stockholders of RPM or LaBranche. The merger agreement requires RPM to cause each of its affiliates to deliver to LaBranche, prior to the closing date of the merger, a letter to the effect that such person will not sell or otherwise dispose of any of the shares of LaBranche common stock or Series A preferred stock except pursuant to an effective registration statement under the Securities Act or pursuant to a transaction that, in the opinion of LaBranche's counsel, is not required to be registered under the Securities Act and is permissible under Rule 145.

THE HOLDERS OF LABRANCHE SERIES A PREFERRED STOCK FOLLOWING THE MERGER WILL HAVE CERTAIN VOTING RIGHTS THAT COULD HINDER A CHANGE IN CONTROL.

Upon completion of the merger, the former holders of RPM common stock will hold all of the outstanding shares of LaBranche Series A preferred stock. Each holder of LaBranche Series A preferred stock will have the opportunity to vote on certain matters that would affect the rights of the LaBranche Series A preferred stockholders, any issuances of LaBranche stock with rights greater than or equal to theirs and on any proposals that relate to the merger or consolidation of LaBranche, the sale of 50% or more of LaBranche's consolidated assets or similar transactions. Following the consummation of the merger, George E. Robb, Jr., RPM's President, and Robert M. Murphy, RPM's Executive Vice President, will own about 71.3% of the outstanding shares of LaBranche Series A preferred stock. Therefore, Messrs. Robb and Murphy will have the ability to control the outcome of any of the actions described above and could hinder LaBranche's ability to take such actions.

THE LABRANCHE SERIES A PREFERRED STOCK WILL BE VERY DIFFICULT TO DISPOSE OF OR OTHERWISE TRANSFER.

The shares of LaBranche Series A preferred stock are subject to restrictions on transfer pursuant to the stockholder agreements required to be signed by each of the RPM stockholders as a condition to the merger. There will be no market for the shares of LaBranche Series A preferred stock and you will be prohibited from selling or transferring them without LaBranche's consent.

RISKS RELATED TO OUR BUSINESS FOLLOWING THE MERGER

WE WILL HAVE SIGNIFICANT INDEBTEDNESS AND INTEREST PAYMENT OBLIGATIONS.

As of December 31, 2000, we had outstanding consolidated debt in the principal amount of about $397.8 million, excluding subordinated liabilities related to contributed exchange memberships. LaBranche & Co. LLC also has the ability to borrow $200.0 million under a one-year revolving credit facility with The Bank of New York which we originally established in June 1998, increased and extended in both June 1999 and February 2000, and extended again in January 2001. We also may need to incur additional debt in the future for

working capital or to complete acquisitions, even though our

existing debt obligations impose certain limits on our ability to do so. Our high level of indebtedness could have important consequences, including the following:

- our ability to obtain additional financing to fund our growth strategy, working capital, capital expenditures, debt service requirements or other purposes may be impaired;

- our ability to use operating cash flow in other areas of our business will be limited because we must dedicate a substantial portion of these funds to make principal and interest payments;

- we may not be able to compete with others who have less debt than we do; and

- our indebtedness may limit our flexibility to adjust to changing market conditions, changes in our industry and economic downturns.

Our ability to satisfy our debt obligations will depend upon our future operating performance and our ability to obtain additional debt or equity financing. Prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments. If in the future we cannot generate sufficient cash from operations to meet our debt obligations, we will need to refinance our debt obligations, obtain additional financing or sell assets. We cannot be sure that our business will generate cash flow or that we will be able to obtain funding sufficient to satisfy our debt service requirements.

Further, LaBranche & Co. LLC is a broker-dealer and a specialist regulated by the SEC and the NYSE. Such regulations include strict capital requirements and complex approval procedures for withdrawals of capital from, and in some cases, other distributions by, a broker-dealer. These regulations could prevent us from obtaining funds necessary to satisfy our obligations to pay interest on or repay our indebtedness.

OUR ABILITY TO TAKE ACTIONS MAY BE RESTRICTED BY THE TERMS OF OUR INDEBTEDNESS.

The covenants in our existing debt agreements, including our credit agreement with The Bank of New York, the note purchase agreements relating to LaBranche & Co. LLC's existing senior subordinated indebtedness and the indentures governing our senior notes and senior subordinated notes, and in any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. These covenants limit or restrict our ability and the ability of our subsidiaries to:

- incur additional debt;

- pay dividends and make distributions to the extent that those payments adversely affect our net capital requirements;

- repurchase our securities;

- make certain investments;

- create liens on our assets;

- transfer or sell assets;

- enter into transactions with affiliates;

- issue or sell stock of subsidiaries; or

- merge or consolidate.

In addition, the credit agreement and the note purchase agreements require LaBranche & Co. LLC to comply with certain financial ratios. LaBranche & Co. LLC's ability to comply with these ratios may be affected by events beyond our or its control. If any of the covenants in our credit agreement,

the note purchase agreements or the indentures relating to our senior notes and senior subordinated notes is breached, or if LaBranche & Co. LLC is unable to comply with the financial ratios to which it is subject, it may be in default under the credit agreement or the note purchase agreements and we may be in default under the indentures relating to our senior notes and senior subordinated notes. A significant portion of our indebtedness then may become immediately due and payable. We are not certain whether we would have, or be able to obtain, sufficient funds to make these accelerated payments. Compliance with the covenants is also a condition to borrowings under the credit agreement.

WE WILL BE REQUIRED TO TAKE ACTIONS UPON THE OCCURRENCE OF A CHANGE OF CONTROL.

Upon the occurrence of a change of control, we are required to offer to repurchase all of our outstanding senior notes and senior subordinated notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest, if any, to the date of repurchase. Certain important corporate events, such as leveraged recapitalizations that would increase our level of indebtedness, would not constitute a change of control. If a change of control were to occur, it is possible that we would not have sufficient funds to repurchase our outstanding senior notes and senior subordinated notes or that restrictions in the credit agreement, the note purchase agreements relating to LaBranche & Co. LLC's existing senior subordinated indebtedness and, the indentures governing our senior notes and senior subordinated notes will not allow such repurchases. Furthermore, a change of control will most likely trigger a default under the credit agreement, the note purchase agreements relating to LaBranche & Co. LLC's existing senior subordinated indebtedness and the indentures governing our senior notes and senior subordinated notes. To the extent we do not have sufficient funds to meet our repurchase obligations and any other obligations in respect of the credit agreement, the note purchase agreements and the indentures relating to our senior notes and senior subordinated notes, we would necessarily seek third-party financing. However, it is possible that we would not be able to obtain such financing.

WE MAY HAVE INSUFFICIENT CAPITAL IN THE FUTURE AND MAY BE UNABLE TO SECURE ADDITIONAL FINANCING WHEN WE NEED IT.

Our business depends on the availability of adequate capital. We cannot be sure that we will have sufficient capital in the future or that additional financing will be available on a timely basis, or on terms favorable to us. Historically, we have satisfied these needs with internally generated funds, our bank credit facilities and the issuance of subordinated debt by our operating subsidiaries and the issuance by us of our senior notes, our senior subordinated notes and our common stock. We currently anticipate that our available cash resources and credit facilities will be sufficient to meet our anticipated working capital, regulatory capital and capital expenditure requirements through the end of 2001.

We may, however, need to raise additional funds to:

- increase the capital available to us for our inventory positions;

- support more rapid expansion;

- acquire similar or complementary businesses; or

- respond to unanticipated capital requirements.

We may be required to obtain this additional financing on short notice as a result of rapid, unanticipated developments, such as a steep market decline.

OUR REVENUES MAY DECREASE DUE TO CHANGES AFFECTING THE ECONOMY, SUCH AS INCREASES IN INTEREST RATES OR INFLATION, OR CHANGES AFFECTING THE SECURITIES MARKETS, SUCH AS DECREASED VOLUME OR LIQUIDITY.

An adverse change affecting the economy or the securities markets could result in a decline in market volume or liquidity. This would result in lower revenues from our specialist activities. Recent

increases in our revenues have been caused primarily by significant increases in the volume of trading on the NYSE and favorable conditions in the securities markets. The favorable business environment of the recent past has begun to slow and may continue to slow in the future.

SUSTAINED DECLINES IN PRICE LEVELS OF SECURITIES COULD CAUSE US TO INCUR LOSSES.

Adverse changes in the economy and the securities markets could lead to lower price levels of securities. Sustained declines in these price levels may result in:

- losses from declines in the market value of securities held in our accounts;

- the failure of buyers and sellers of securities to fulfill their settlement obligations; or

- increases in claims and litigation.

WE MAY HAVE DIFFICULTY SUCCESSFULLY MANAGING OUR GROWTH.

Since 1994, we have experienced significant growth in our business activities and the number of our employees. We cannot assure you that the combined company will be able to manage its growth successfully. Our inability to do so could have an adverse effect on our business, financial condition and/or operating results. The growth of our business has increased the demands upon our management and operations and we expect it to continue to do so in the future. This growth has required, and will continue to require, us to increase our investment in management personnel, financial and management systems and controls, and facilities. The scope of procedures for assuring compliance with applicable rules and regulations has changed as the size and complexity of our business has increased. In response, we have implemented formal compliance procedures, which are regularly updated. Our future operating results will depend on our ability to continue:

- to improve our systems for operations, financial control and communication and information management;

- to refine our compliance procedures and enhance our compliance oversight; and

- to recruit, train, manage and retain our employees.

TRADING THROUGH NYSE SPECIALISTS COULD BE REPLACED BY ALTERNATIVE TRADING SYSTEMS WHICH COULD REDUCE OUR REVENUE.

Alternative trading systems could reduce the levels of trading of NYSE-listed stocks executed through specialists. This, in turn, could have an adverse effect on our revenues. Over the past few years, a number of alternative trading systems have developed or emerged which may compete with specialists by increasing trading in NYSE-listed stocks off the NYSE trading floor and in over-the-counter markets. In the future, similar new systems may continue to be developed and placed in operation.

NEW AND PROPOSED NYSE INITIATIVES MAY LOWER THE REVENUES WE EARN ON TRADES EXECUTED IN SHARES OF OUR COMMON STOCK LISTINGS.

The NYSE recently approved the repeal of Rule 390, which generally prohibited member firms from trading stocks listed before April 26, 1979 other than on a national exchange. Any stocks listed before April 26, 1979 for which we act as specialist are now freely tradeable in over-the-counter markets. We do not receive commissions on trades executed in over-the-counter markets and do not participate in those trades as principal. Additionally, on December 28, 1999, the NYSE implemented a new initiative, which increased from two minutes to five minutes the window for providing commission-free transactions on orders. Therefore, any order we execute as agent within five minutes of placement of the order does not generate any commission revenue for us. This new initiative has adversely affected our commission revenue per trade, when we act as agent.

COMPETITION FROM NASDAQ FOR NEW LISTINGS COULD ADVERSELY AFFECT NYSE TRADING VOLUME AND, IN TURN, REDUCE OUR REVENUES.

Nasdaq continues to grow and gain in popularity, attracting companies that might otherwise list on the NYSE. If more companies decide to be quoted on Nasdaq as opposed to listing their stocks on the NYSE, or if companies choose to delist using recently relaxed delisting procedures, trading volume on the NYSE could be adversely affected. This, in turn, could adversely affect our trading revenue. In recent years, many high technology companies have opted to be quoted on Nasdaq, even though many of them would have qualified for NYSE listing. In addition, the SEC recently approved a revision to NYSE Rule 500 which makes it easier for a company to delist its shares from the NYSE. The original rule required supermajority stockholder approval before a listed company could delist from the NYSE. Under the recently approved amendment of Rule 500, a company can delist from the NYSE if it obtains the approval of a majority of the company's board of directors and its audit committee and then provides its 35 largest stockholders with written notice of the proposed delisting and allows a 20-40 day waiting period to elapse.

OUR QUARTERLY RESULTS MAY FLUCTUATE SIGNIFICANTLY.

Our revenues may fluctuate significantly based on factors relating to the securities markets. These factors include:

- a decrease in trading volume on the NYSE;

- volatility in the equity securities markets; and

- changes in the value of our securities positions.

Many elements of our cost structure do not decline if we experience quarterly reductions in our revenues. As a result, if market conditions cause

our revenues to decline, we may be unable to adjust our cost structure on a timely basis and we could suffer losses.

RISKS ASSOCIATED WITH OUR TRADING TRANSACTIONS COULD RESULT IN TRADING LOSSES.

A majority of our specialist-related revenues may be derived from trading by us as principal. We may incur trading losses relating to the purchase, sale or short sale of securities for our own account. In any period, we also may incur trading losses in our specialist stocks for reasons such as price declines in our specialist stocks, lack of trading volume in our specialist stocks and the required performance of our specialist obligations. From time to time, we may have large position concentrations in securities of a single issuer or issuers engaged in a specific industry. In general, because our inventory of securities is marked to market on a daily basis, any downward price movement in these securities will result in a reduction of our revenues and operating profits. We also operate a proprietary trading desk separately from our NYSE specialist operations, which represented 0.5% of our total revenues in 2000. We may incur trading losses as a result of these trading activities.

Although we have adopted risk management policies, we cannot be sure that these policies have been formulated properly to identify or limit our risks. Even if these policies are formulated properly, we cannot be sure that we will successfully implement these policies. As a result, we may not be able to manage our risks successfully or avoid trading losses.

NYSE SPECIALIST RULES MAY REQUIRE US TO MAKE UNPROFITABLE TRADES OR TO REFRAIN FROM MAKING PROFITABLE TRADES.

When we trade as principal, we attempt to derive a profit from the difference between the price at which we buy and the price at which we sell securities. Our role as a specialist, at times, requires us to make trades that adversely affect our profitability. In addition, as a specialist, we are at times required to refrain from trading for our own account in circumstances in which it may be to our advantage to trade. For example, we may be obligated to act as a principal when buyers or sellers outnumber each

other. In those instances, we may take a position counter to the market, buying or selling shares to support an orderly market in the affected stocks. In order to perform these obligations, we hold varying amounts of securities in inventory. In addition, specialists generally may not trade for their own account when public buyers are meeting public sellers in an orderly fashion and may not compete with public orders at the same price. By having to support an orderly market, maintain inventory positions and refrain from trading under some favorable conditions, we are subjected to a high degree of risk. Additionally, the NYSE periodically amends its rules and may make the rules governing our activities as a specialist more stringent or may implement changes, which could adversely affect our trading revenues.

IF WE LOSE THE SERVICES OF OUR KEY PERSONNEL OR CANNOT HIRE ADDITIONAL QUALIFIED PERSONNEL, OUR BUSINESS WILL BE HARMED.

Our future success depends on the continued service of key employees, particularly Michael LaBranche, our Chairman, Chief Executive Officer and President, and after the merger, Robert M. Murphy, who will become a director of LaBranche and the Chief Executive Officer of LaBranche & Co. LLC. The loss of the services of any of our key personnel or the inability to identify, hire, train and retain other qualified personnel in the future could have an adverse effect on our business, financial condition and/or operating results. We have employment agreements with Mr. LaBranche and other key employees and expect to enter into an employment agreement with Mr. Murphy after the closing of the

merger. We also maintain "key person" life insurance policies on Mr. LaBranche and other key employees. Competition for key personnel and other highly qualified management, trading, compliance and technical personnel is intense. We cannot assure you that we will be able to attract new or retain currently employed highly qualified personnel in the future.

In connection with the reorganization transactions undertaken in anticipation of the initial public offering of our common stock, our managing directors received substantial amounts of our common stock in exchange for their interests in LaB Investing Co. L.L.C. Because the shares of common stock were received in exchange for membership interests, ownership of the shares is not dependent upon the continued employment of those managing directors. In addition, a number of our employees have received grants of stock options and restricted stock units. The steps we have taken to encourage the continued service of these individuals, who include key senior personnel in our specialist activities, may not be effective.

OUR SUCCESS WILL DEPEND ON OUR ABILITY TO ACCURATELY PROCESS AND RECORD OUR TRANSACTIONS, AND ANY FAILURE TO DO SO COULD SUBJECT US TO LOSSES.

Our specialist activities require us to accurately record and process a very large number of transactions on a daily basis. Any failure or delay in recording or processing transactions could cause substantial losses for brokers, their customers and/or us and could subject us to claims for losses. We rely on our staff to operate and maintain our information and communications systems properly, and we depend on the integrity and performance of those systems. Our recording and processing of trades is subject to human and processing errors. Moreover, extraordinary trading volume or other events could cause our information and communications systems to operate at an unacceptably low speed or even fail. Any significant degradation or failure of our information systems or any other systems in the trading process could cause us to fail to complete transactions or could cause brokers who place trades through us to suffer delays in trading.

OUR FUTURE SUCCESS WILL DEPEND ON OUR ABILITY TO UPGRADE OUR INFORMATION AND COMMUNICATIONS SYSTEMS, AND ANY FAILURE TO DO SO COULD HARM OUR BUSINESS AND PROFITABILITY.

The development of complex communications and new technologies, including Internet-based technologies, may render our existing information and communications systems outdated. In addition, our information and communications systems must be compatible with those of the NYSE. As a result,

if the NYSE upgrades its systems, we will need to make corresponding upgrades. Our future success will depend on our ability to respond to changing technologies on a timely and cost-effective basis. We cannot be sure that we will be successful in upgrading our information and communications systems on a timely or cost-effective basis. Our failure to do so could have an adverse effect on our business, financial condition and/or operating results.

The NYSE's ability to develop information and communications systems and complex computer and other technology systems has been instrumental in its recent growth and success. We are dependent on the continuing development of technological advances by the NYSE, a process over which we have no control. If the NYSE for any reason is unable to continue its recent history of computer-related and other technological developments and advances, it could have an adverse effect on the success of the NYSE, including its ability to grow, to manage its trading volumes or to attract new listings. Any such developments can be expected to adversely affect our operations, financial condition and operating results.

OUR MANAGEMENT INFORMATION SYSTEMS MAY FAIL AND INTERRUPT OUR BUSINESS, AND ANY SLOWDOWN OR FAILURE OF OUR COMPUTER SYSTEMS COULD SUBJECT US TO LIABILITY FOR LOSSES SUFFERED BY OUR CUSTOMERS.

Any information or communication systems failure or decrease in information or communications systems performance that causes interruptions in our operations could have an adverse effect on our business, financial condition and/or operating results. Our systems may fail as a result of:

- hardware or software failure; or

- power or telecommunications failure.

Although we have established a back-up disaster recovery center in Hoboken, New Jersey, it may not be effective in preventing an interruption of our business.

In addition, our clearing services will depend on our ability to store, retrieve, process and manage significant databases, and to receive and process trade orders through a variety of electronic media. Our principal computer equipment and software systems relating to our clearing operations will be maintained at our offices in New York, New York. Our systems or any other systems in the trading process could slow down significantly or fail for a variety of reasons. There can be no assurance that we will be able to accurately predict future volume increases or volatility or that our systems will be able to accommodate these volume increases or volatility without failure or degradation. Any significant degradation or failure of our computer systems or any other systems in the clearing or trading processes could cause delays in the execution of our customers' trades. These delays could subject us to claims for losses, including litigation claiming fraud or negligence.

WE WILL DEPEND ON THE NYSE AND CLEARING AND DEPOSITORY INSTITUTIONS TO EFFECT TRADES, AND THEIR FAILURE TO PERFORM COULD SUBJECT US TO LOSSES.

We are dependent on the proper and timely function of complex information and communications systems maintained and operated by or for the NYSE and clearing and depository institutions. Failures or inadequate or slow performance of any of those systems could adversely affect our ability to operate and complete trades. The failure to complete trades on a timely basis could subject us to losses and claims for losses of brokers and their customers.

WE DEPEND SIGNIFICANTLY ON REVENUES FROM OUR SPECIALIST ACTIVITIES FOR A SMALL GROUP OF LISTED COMPANIES, AND THE LOSS OF ANY OF THEM COULD REDUCE OUR REVENUES.

Historically, a small number of listed companies have accounted for a significant portion of our revenues from our specialist trading activities. The loss of any of these listed companies could have an adverse effect on our revenues. For the years ended December 31, 1999 and 2000, transactions in our ten most profitable specialist stocks accounted for about 44.2% and 38.7% of our total revenues,

respectively. We cannot assure you that we will be able to retain these or other listed companies. We could lose these listed companies if they cease to be traded on the NYSE as a result of being acquired or otherwise delisted. In addition, if the NYSE were to determine that we have failed to fulfill our obligations as specialist for a listed company, our registration as a specialist for that listed company could be canceled or suspended.

WE DEPEND HEAVILY ON OUR SPECIALIST ACTIVITIES, AND IF THEY FAIL TO GROW AS ANTICIPATED, IT WOULD HARM THE GROWTH OF OUR REVENUES.

We currently derive substantially all of our revenues from specialist activities. If demand for our specialist services fails to grow, grows more slowly than we currently anticipate or declines, our revenues would be adversely affected. We expect our specialist activities to continue to account for the majority of our revenues for the foreseeable future. Our future success will depend on:

- continued growth in the volume of trading and the number of listings on the NYSE;
- our ability to be chosen as specialist for additional listing companies;
- our ability to respond to regulatory and technological changes; and
- our ability to respond to changing demands in the marketplace.

WE ARE SUBJECT TO INTENSE COMPETITION FOR NEW LISTINGS AND IN OUR CLEARING ACTIVITIES, AND OUR PROFITABILITY WILL SUFFER IF WE DO NOT COMPETE EFFECTIVELY.

We cannot be sure that we will be able to compete effectively with current or future competitors. Our failure to compete effectively would have an adverse effect on our profitability. We obtain all our new listings on the NYSE by going through an allocation process. Under this process, either a committee of the NYSE or the listing company chooses the specialist. The competition for obtaining new listing companies is intense. We expect competition to continue to intensify in the future. Some of our competitors may have significantly greater financial and other resources than we have and may have greater name recognition. These competitors may be able to respond more quickly to new or evolving opportunities and listing company requirements. They may also be able to undertake more extensive promotional activities to attract new listing companies. In addition, the specialist industry has recently been consolidating and has intensified the competition in our industry. Although the combined companies resulting from this merger may have a stronger capital base, we cannot assure you that further consolidation in the industry will not weaken the benefits of this merger in terms of our competitive position. This trend has intensified the competition in our industry. Finally, the NYSE retains the ability to name new specialist firms.

In addition, the market for securities clearing services is rapidly evolving and highly competitive. We will compete with many firms that provide clearing services to the securities industry. A number of our competitors have significantly greater financial, technical, marketing and other resources than we will possess. Some of our competitors will also offer a wider range of services and financial products than we do and have greater name recognition and more extensive client bases. They may be able to respond more quickly to new or changing opportunities, technologies and client requirements. These competitors may be able to undertake more extensive promotional activities, offer more attractive terms to clients or adopt more aggressive pricing policies. We cannot assure you that we will be able to compete effectively with current or future competitors in our clearing activities. Despite our efforts to remain competitive, our customers may decide to discontinue using our clearing services.

THE FAILURE BY US OR OUR EMPLOYEES TO COMPLY WITH APPLICABLE LAWS AND REGULATIONS COULD RESULT IN SUBSTANTIAL FINES AND OTHER PENALTIES.

The securities industry is subject to extensive regulation under both federal and state laws. In addition, the SEC, the NASD, the NYSE, other self-regulatory organizations, commonly referred to as SROs, and state

securities commissions require strict compliance with their respective rules and

regulations. Failure to comply with any of these laws, rules or regulations could result in serious adverse consequences. We and our officers and employees may be subject in the future to claims arising from acts in contravention of these laws, rules and regulations. An adverse ruling against us and/or our officers and other employees as a result of any of these claims could result in us and/or our officers and other employees being required to pay a substantial fine or settlement. It could also result in the suspension or revocation of our registration with the SEC as a broker-dealer or our suspension or expulsion as a member of the NYSE. If this occurred, we would be unable to operate our business. In addition, if the NASD initiates disciplinary action against us or our employees, we could be subject to penalties or revocation of our NASD membership, which would affect our ability to perform our clearing business.

THE REGULATORY ENVIRONMENT IN WHICH WE OPERATE MAY CHANGE, MAKING IT DIFFICULT FOR US TO REMAIN IN COMPLIANCE.

The regulatory environment in which we operate is subject to change which we cannot predict. It may be difficult for us to comply with new or revised legislation or regulations imposed by the SEC, the NASD, other U.S. or foreign governmental regulatory authorities and SROs, including the NYSE. Failure to comply would have an adverse effect on our business, financial condition and/or operating results. Changes in the interpretation or enforcement of existing laws and rules by the SEC, these governmental authorities, the NASD, SROs and the NYSE could also have an adverse effect on our business, financial condition and/or operating results.

WE CANNOT PREDICT THE EFFECT A PROPOSED PUBLIC OFFERING BY THE NYSE WOULD HAVE ON OUR BUSINESS.

The NYSE has announced that it intends to offer shares of its capital stock to the public. We are unable to predict what effect, if any, such an offering would have on our business and the specialist industry.

FAILURE TO COMPLY WITH NET CAPITAL OR NET LIQUID ASSET REQUIREMENTS MAY RESULT IN THE REVOCATION OF OUR REGISTRATION WITH THE SEC OR OUR EXPULSION FROM THE NYSE.

The SEC, the NYSE and various other regulatory agencies have stringent rules with respect to the maintenance of minimum levels of capital and net liquid assets by securities brokers-dealers as well as specialist firms. The NYSE recently increased its minimum net liquid asset requirements. As of December 31, 2000, we were required to maintain minimum net liquid assets of $284.3 million, and after our acquisition of RPM, we estimate that we will be required to maintain minimum net liquid assets of $405.0 million. Failure to maintain compliance with the minimum capital requirements and net liquid asset levels may subject us to suspension or revocation of registration by the SEC and suspension or expulsion as a member of the NYSE and other regulatory bodies. If this occurred, we would be unable to operate our business. In addition, a change in these rules, the imposition of new rules or any unusually large requirement or charge against our regulatory capital could limit any of our operations that require the intensive use of capital. These rules could also restrict our ability to withdraw capital from LaBranche & Co. LLC. Any limitation on our ability to withdraw capital from LaBranche & Co. LLC could limit our ability to pay cash dividends, repay debt and repurchase shares of our outstanding stock. A substantial market decline, a significant operating loss or any unusually large requirement or charge against regulatory capital could adversely affect our ability to expand or even maintain our present levels of business, which could have an adverse effect on our business, financial condition and/or operating

results.

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EMPLOYEE AND OTHER MISCONDUCT IS DIFFICULT TO DETECT AND DETER AND COULD RESULT IN LOSSES.

There have been a number of highly publicized cases involving fraud, stock manipulation or other misconduct by employees in the financial services industry in recent years, and we run the risk that employee misconduct could occur. Misconduct by employees could include binding us to transactions that exceed authorized limits or present unacceptable risks, or hiding from us unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm. It is not always possible to deter employee misconduct and the precautions we take to prevent and detect this activity may not be effective in all cases. As a result of our recent acquisitions and the proposed acquisition of RPM, the number of our employees has increased, and will continue to increase significantly, and our lack of experience working with these employees increases the risk that we will not detect or deter employee misconduct.

In addition, we rely on encryption and authentication technology to effect secure transmissions of confidential information over computer systems. If third parties were able to penetrate our network security or otherwise misappropriate customers' personal or account information, we could be subject to liability arising from claims related to impersonation or similar fraud claims or other misuse of personal information, as well as suffer harm to our reputation. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography or other events or developments will not result in a compromise or breach of the technology we use to protect customers' transactions and account data. We may incur significant costs to protect against the threat of network security breaches or to alleviate problems caused by such breaches.

WE ARE SUBJECT TO RISK RELATING TO LITIGATION AND POTENTIAL SECURITIES LAWS LIABILITY.

Many aspects of our business involve substantial risks of liability. A specialist is exposed to substantial risks of liability under federal and state securities laws, other federal and state laws and court decisions, as well as rules and regulations promulgated by the SEC and the NYSE. We are also subject to the risk of litigation and claims that may be without merit. We could incur significant legal expenses in defending ourselves against such lawsuits or claims. An adverse resolution of any future lawsuits or claims against us could have an adverse effect on our business, financial condition and/or operating results.

COUNTERPARTIES MAY FAIL TO PAY US.

As a specialist in listed stocks, the majority of our securities transactions are conducted as principal with broker-dealer counterparties located in the United States. The NYSE and the clearing houses monitor the credit standing of the counterparties with which we conduct business. However, we cannot assure you that any of these counterparties will not default on their obligations. If any do, our business, financial condition and/or operating results could be adversely affected.

SOME OF OUR EXECUTIVE OFFICERS WILL BE IN A POSITION TO CONTROL MATTERS REQUIRING A STOCKHOLDER VOTE.

Certain of our managing directors who currently own about 70.6% of our

outstanding common stock have entered into a stockholders' agreement under which they have agreed, among other things, that their shares of our common stock will be voted, for as long as they own their shares, as directed by a majority vote of Michael LaBranche, our Chairman, Chief Executive Officer and President, James G. Gallagher and Alfred O. Hayward, Jr., each an executive officer and director. Accordingly, these individuals currently have the ability to control all matters requiring approval by our stockholders. These matters include the election and removal of directors and the approval of any merger, consolidation or sale of all or substantially all of our assets. In addition, they currently are able to

dictate the management of our business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control, a merger or consolidation, a takeover or another business combination.

OUR CLEARING REVENUES MAY BE AFFECTED DUE TO DECLINES IN TRADING VOLUME OR LIQUIDITY OF SECURITIES MARKETS, WHICH COULD RESULT IN DECREASED PROFITABILITY OF OUR CLEARING OPERATIONS.

Recently, there has been significant transaction volume and volatility in U.S. securities markets. Sudden changes in the market could result in:

- reduced trading activity;

- the failure of buyers and sellers of securities to fulfill their settlement obligations; and

- increases in claims and litigation.

The occurrence of any of these events would likely result in reduced revenues and decreased profitability from our clearing operations.

IF WE ARE UNABLE TO RESPOND TO THE DEMANDS OF CORPORATE CLEARING CLIENTS, OUR ABILITY TO REACH CLEARING REVENUE GOALS OR MAINTAIN THE PROFITABILITY OF OUR CLEARING OPERATIONS COULD BE DIMINISHED.

Corporate clearing clients' demand for our services will be influenced by:

- rapid technological change;

- changing demands of the clients' customers; and

- evolving industry standards.

Our future success in clearing operations will depend, in part, on our ability to respond to our clients' demands for new services, products and technologies on a timely and cost-effective basis, to adapt to technological advancements and changing standards and to address the increasingly sophisticated requirements of clearing customers.

"ANTI-TAKEOVER" PROVISIONS MAY MAKE IT MORE DIFFICULT FOR A THIRD PARTY TO ACQUIRE CONTROL OF THE COMBINED COMPANY, EVEN IF THE CHANGE IN CONTROL WOULD BE BENEFICIAL TO STOCKHOLDERS.

We are a Delaware corporation. Anti-takeover provisions in Delaware law and our charter and bylaws could make it more difficult for a third party to acquire control of us. These provisions could adversely affect the market price of our common stock and could reduce the amount that stockholders might receive if we are sold. For example, our charter provides that our board of directors may issue preferred stock without stockholder approval. In addition, our certificate of incorporation provides for a classified board, with each board member serving

a staggered three-year term. These "anti-takeover" provisions may make it more difficult for a third party to acquire control of us, even if the change in control would be beneficial to stockholders.

FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements based on our current expectations, assumptions, estimates and projections about our companies and our industry. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors described in "Risk Factors" and elsewhere in this proxy statement/prospectus. We will not update these forward-looking statements, even if new information becomes available or other events occur in the future. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties including but not limited to:

- the significant considerations discussed in this proxy statement/prospectus;
- risks associated with the effect of economic conditions;
- future capital needs;
- restrictions imposed by the terms of our indebtedness;
- our ability to identify, complete and integrate this and other acquisitions successfully;
- risks associated with retaining our significant specialist stocks;
- the impact of competition and potential consolidations in our industry; and
- the impact of legislation and regulation.

You should rely only on the information contained in this proxy statement/prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information provided by this proxy statement/prospectus is accurate as of any date other than the date on the front of this proxy statement/prospectus.

THE RPM STOCKHOLDERS' SPECIAL MEETING

LaBranche and RPM are sending this proxy statement/prospectus to the stockholders of RPM in connection with a special meeting of RPM stockholders. This proxy statement/prospectus is first being mailed to stockholders of RPM on or about February 20, 2001.

DATE, TIME AND PLACE

The RPM special meeting will be held on March 12, 2001, at 10:00 a.m. local time, at the offices of RPM, 20 Broad Street, 6th Floor, New York, New York 10005, unless adjourned to another date and time.

PURPOSE OF THE RPM STOCKHOLDERS' SPECIAL MEETING

At the RPM stockholders' special meeting, you will be asked to consider and vote upon a proposal to approve the Agreement and Plan of Merger dated as of January 18, 2001, as amended on February 15, 2001, attached to this proxy statement/prospectus as ANNEX A, which provides for the merger of RPM with and into LaBranche, with LaBranche being the surviving corporation. A vote for this proposal also effectively constitutes approval of the disposition of RPM's real estate management subsidiary to George E. Robb, Jr., RPM's President and controlling stockholder, as described elsewhere in this proxy statement/prospectus.

The RPM board has determined that the merger is advisable and fair to, and in the best interests of, RPM stockholders. The RPM board has unanimously approved the merger agreement and unanimously recommends that you vote FOR approval of the merger.

The board of directors of LaBranche has unanimously approved the merger and the issuance of shares of LaBranche common stock and Series A preferred stock in the merger. Delaware law and the rules of the NYSE do not require that LaBranche stockholders approve the merger.

See "The Merger--Interests of RPM Directors and Executive Officers in the Merger" for a discussion of conflicts of interest that certain directors and executive officers of RPM may have in connection with these recommendations.

RPM stockholders may also be asked to vote upon a proposal to adjourn or postpone the special meeting, in order to (among other things) allow additional time for RPM to solicit additional votes to approve the merger.

RECORD DATE; STOCK ENTITLED TO VOTE; QUORUM

Only holders of record of RPM common stock at the close of business on February 20, 2001, the record date, are entitled to notice of and to vote at the RPM stockholders' special meeting or at any adjournment or postponement of the special meeting. On the record date, 70,100 shares of RPM common stock were issued and outstanding and were held by 13 holders of record. A majority of the shares of RPM common stock issued and outstanding and entitled to vote on the record date must be represented in person or by proxy at the RPM stockholders' special meeting for a quorum to be present to vote upon the merger proposal. Abstentions count as present for establishing a quorum, but will have the same effect as a vote against approval of the merger. Holders of record of RPM common stock on the record date are entitled to one vote per share at the special meeting.

VOTES REQUIRED

Each holder of RPM common stock outstanding on the record date is entitled to one vote for each share held. The holders of a majority of the outstanding shares of RPM common stock entitled to vote must be present at the RPM stockholders' special meeting in person to constitute a quorum to

transact business. Approval of the merger and the merger agreement requires the affirmative vote of the holders of a majority of the shares of RPM common stock issued and outstanding and entitled to vote.

VOTING BY RPM DIRECTORS AND EXECUTIVE OFFICERS

At the close of business on the record date, directors and executive officers of RPM owned and were entitled to vote 64,000 shares of RPM common stock, which represented about 91.3% of the shares of RPM common stock outstanding on that date. See "The Merger--Interests of RPM Directors and

Executive Officers in the Merger" for a discussion of conflicts of interest that certain RPM directors and executive officers of RPM may have in connection with these matters.

VOTING OF PROXIES

All shares of RPM common stock represented by properly executed proxies received in time for the RPM stockholders' special meeting will be voted at the RPM stockholders' special meeting in the manner specified in the proxies. Properly executed proxies that do not contain voting instructions will be voted:

- FOR approval of the merger and the merger agreement, as amended, which effectively constitutes approval of the disposition of RPM's real estate management subsidiary to George E Robb, Jr., and

- FOR giving discretion to the proxies to vote upon such other business as may properly come before the meeting, including any adjournment or postponement thereof.

It is not expected that any matter, other than the proposed merger described above, will be raised at the RPM stockholders' special meeting. If, however, the RPM board properly presents other matters, the persons named as proxies will vote in accordance with their judgment.

Adjournments may be made for the purpose of soliciting additional proxies. Any adjournment may be made by approval of the holders of shares representing a majority of the votes present in person or by proxy at the meeting. A quorum is not needed for an adjournment. No announcement is needed for an adjournment other than the announcement made at the meeting. RPM does not currently intend to seek an adjournment of the meeting.

HOW TO VOTE BY PROXY

Complete, sign, date and return the enclosed proxy card in the enclosed envelope. Proxies must be received by RPM prior to the date of the special meeting.

REVOCABILITY OF PROXIES

You may revoke a proxy at any time before the special meeting. To revoke your proxy, you must file a duly executed revocation of proxy with the Secretary of RPM. Then you must submit a new duly executed proxy by mail or by appearing at the special meeting and voting in person. Attendance at the RPM special meeting will not constitute revocation of a proxy, but voting at the RPM special meeting will revoke your prior proxy.

SOLICITATION OF PROXIES

RPM will bear the cost of the solicitation of proxies from its stockholders. Proxies will be solicited on behalf of the board of directors. Directors, officers and employees may solicit proxies. No additional compensation will be paid for the solicitations made by directors, officers or employees.

THE MERGER

TERMS OF THE MERGER

The merger agreement provides for the merger of RPM with and into LaBranche. For each share of RPM common stock they own, the RPM stockholders will receive 98.778 shares of LaBranche common stock and shares of LaBranche Series A

preferred stock having an aggregate liquidation preference of $1,426.53. In addition, RPM and each RPM option holder have amended that option holder's option agreement to convert, as of the effective time of the merger, each of his RPM options into an immediately exercisable option to purchase 98.778 shares of LaBranche common stock.

A portion of the shares of Series A preferred stock issuable to the RPM stockholders in the merger will be held in escrow for a period of 18 months to satisfy any indemnification payment obligations of the RPM stockholders to LaBranche under the merger agreement. An additional portion of the LaBranche Series A preferred stock will be held in escrow pending a final calculation of RPM's adjusted net book value (as defined in the merger agreement) as of the closing date of the merger to provide for the RPM stockholders' obligation to return a portion of shares of LaBranche Series A preferred stock in the event the aggregate liquidation preference of the shares issued to the RPM stockholders at the closing exceed the adjusted net book value of RPM as of the closing date of the merger. See "Risk Factors--RPM stockholders could lose a portion of the LaBranche stock to be distributed to them."

On January 18, 2001, the last trading day before we publicly announced the execution of the merger agreement, the closing price of LaBranche common stock on the NYSE was $36.88 per share. Had the merger then taken place, each share of RPM common stock would have been converted into 98.778 shares of LaBranche common stock with a value of about $3,642.44 and shares of LaBranche Series A preferred stock with an aggregate liquidation preference of $1,426.53. When we complete the merger, the value you receive for your RPM common stock may be more or less than this amount depending on the market value of LaBranche common stock at that time.

As a result of the merger, former RPM stockholders will own about 12.4%, and LaBranche stockholders immediately before the merger will own about 87.6%, of the outstanding shares of LaBranche common stock. These percentages are based on the number of shares of LaBranche common stock and RPM common stock outstanding on January 31, 2001.

The discussion in this proxy statement/prospectus of the merger and the description of the principal terms of the merger agreement and the merger are summaries only. You should refer to the merger agreement for the details of the merger and the terms of the merger agreement. We have attached a copy of the merger agreement to this proxy statement/prospectus as ANNEX A.

EFFECTIVE TIME OF THE MERGER

As soon as practicable after the conditions to consummation of the merger described below have been satisfied or waived, unless the merger agreement has been terminated under the circumstances described below, a certificate of merger will be filed with the Secretary of State of the State of Delaware, at which time the merger will become effective. It is presently contemplated that the effective time will be as soon as practicable after the registration statement of which this proxy statement/prospectus forms a part is declared effective by the SEC and after approval of the merger at the RPM stockholders' special meeting. The waiting period under the Hart-Scott-Rodino Act has already terminated and the necessary authorizations, approvals and consents of the NYSE, the NASD, the CBOE and the AMEX are in the process of being obtained. If the RPM stockholders do not approve the merger agreement and the merger, or if the other conditions to the merger have not been satisfied or waived, the merger agreement will terminate and the merger will not become effective.

BACKGROUND OF THE MERGER

As evidenced by its acquisition of a number of other NYSE specialist businesses since 1997, LaBranche has been committed to taking advantage of the consolidation trend in the specialist industry by selectively pursuing acquisitions of other NYSE specialist operations. Toward that end, Michael LaBranche and Robert M. Murphy, Executive Vice President and a director of RPM and the President and Chief Executive Officer of RPM's specialist corporation, initiated informal discussions in 2000 regarding a possible combination of LaBranche and RPM. RPM had previously discussed with several other firms a possible combination of their operations with RPM's or an infusion of capital into RPM, but these discussions had not resulted in a completed transaction of the kind sought by the management of RPM. Shortly thereafter, George E. Robb, Jr., the President and a director of RPM and the Chairman of the Board of Directors of RPM's specialist corporation, was invited to participate in the discussions between Messrs. LaBranche and Murphy.

Mr. LaBranche initially reported such discussions to the board of directors of LaBranche at a meeting held on September 11, 2000. At that meeting, Mr. LaBranche distributed to LaBranche's board of directors a draft letter of intent relating to a proposed acquisition of RPM by means of a merger, presented a preliminary and general outline of RPM's operations and a financial profile of RPM and indicated that Donaldson Lufkin & Jenrette Securities Corporation had been retained to advise LaBranche in connection with the proposed combination transaction with RPM. During the course of the meeting, the members of LaBranche's board were briefed on their fiduciary obligations in considering the proposed acquisition of RPM and the status of the negotiations with RPM. The members of LaBranche's board of directors discussed the proposed combination with RPM at length and questioned Mr. LaBranche on such matters as valuation, the potential consideration and comparable recent transactions involving NYSE specialist firms. After this discussion, LaBranche's board of directors authorized Mr. LaBranche and other appropriate officers of LaBranche to continue to negotiate, execute and deliver on behalf of LaBranche a non-binding letter of intent relating to the proposed acquisition of RPM on substantially the same terms and conditions as those discussed at the meeting and contained in the draft letter of intent reviewed by the members of LaBranche's board of directors at the meeting. The LaBranche board also authorized Mr. LaBranche and those officers to proceed to negotiate the terms and conditions of a definitive agreement relating to the proposed acquisition of RPM for the purpose of subsequently presenting such agreement to LaBranche's board of directors for its review and approval.

On October 5, 2000, LaBranche and RPM entered into reciprocal confidentiality agreements in order to afford their respective representatives access to more detailed information concerning the other party for the purpose of refining the terms of their understanding regarding LaBranche's proposed acquisition of RPM. Thereafter, on October 10, 2000, LaBranche and RPM entered into a non-binding letter of intent setting forth the proposed terms of LaBranche's acquisition of RPM. This letter of intent expressed LaBranche's and RPM's mutual intention to negotiate a definitive agreement relating to a tax-free merger of RPM with and into LaBranche involving (1) the issuance by LaBranche to the stockholders of RPM of approximately 6,670,000 shares of LaBranche common stock and shares of a new LaBranche Series A preferred stock having an aggregate liquidation preference based on a percentage of the net book value of RPM as of the date of the closing of the transaction, and (2) LaBranche's assumption of RPM's outstanding employee stock options, which options would be immediately exercisable for about 3,030,000 shares of LaBranche's common stock and other consideration.

Upon the execution of the letter of intent, each of LaBranche and RPM commenced a due diligence investigation of the other party and began work on the negotiation and preparation of a definitive agreement relating to LaBranche's proposed acquisition of RPM.

At a meeting of LaBranche's board of directors held on October 20, 2000, Mr. LaBranche updated the members of LaBranche's board on the status of the negotiations with RPM's representatives and

discussed the anticipated effects of the RPM acquisition on LaBranche's balance sheet, the expected increase in LaBranche's market share as a result of the transaction, how the transaction compared with other recent acquisitions within the industry (particularly the acquisition of Spear, Leeds & Kellogg, L.P. by The Goldman Sachs Group, Inc.) and the consistency of the RPM acquisition with LaBranche's overall corporate strategy.

At a meeting held on October 26, 2000 at the offices of RPM's counsel, LaBranche's and RPM's respective legal, accounting and financial advisors discussed the amount of LaBranche preferred stock to be delivered to RPM's stockholders in connection with the proposed merger and to the RPM option holders upon the exercise of their amended stock options and the formula for defining RPM's net book value for purposes of determining that amount. In the course of these discussions, LaBranche's and RPM's advisors identified a number of issues relating to the definition of RPM's net book value for purposes of the proposed transaction which the advisors subsequently addressed with LaBranche's and RPM's respective management teams. As a result of these discussions, Messrs. LaBranche and Murphy met again on October 30, 2000 and tentatively agreed on a formula for determining RPM's net book value for purposes of calculating the amount of LaBranche preferred stock to be delivered to RPM's stockholders upon the closing of the merger and into which the amended RPM stock options would be exerciseable.

On October 31, 2000, LaBranche's counsel circulated initial drafts of the merger agreement and several of the related agreements and other documents contemplated by the proposed transaction. In the days that followed, LaBranche's counsel provided initial drafts of the other agreements and documents required in connection with LaBranche's proposed acquisition of RPM.

At a meeting of LaBranche's board of directors held on November 16, 2000, Mr. LaBranche again described the fundamental terms and conditions of, and business reasons for, the proposed acquisition of RPM and updated the members of LaBranche's board on the status of the negotiations regarding a definitive merger agreement with respect to the RPM acquisition. Prior to this meeting, the members of LaBranche's board had been furnished with a copy of the then-current draft of the merger agreement for their review and consideration. Representatives of Donaldson Lufkin & Jenrette Securities Corporation were present at the meeting to advise LaBranche's board on the negotiations and the financial aspects of the proposed acquisition of RPM. LaBranche's board of directors then engaged in a discussion of the transaction with its legal and financial advisors. Following this discussion, the board unanimously approved of the proposed acquisition of RPM on the terms and conditions contained in the draft of the merger agreement distributed to the members of LaBranche's board before the meeting. The LaBranche board authorized the appropriate officers of LaBranche to proceed to negotiate the terms and conditions of the proposed acquisition and the other transactions contemplated thereby, and to execute the merger agreement and such other documents as they determine to be necessary or advisable in connection therewith.

On November 21, 2000, LaBranche's and RPM's respective counsel filed required Notification and Report Forms with the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice pursuant to the Hart-Scott-Rodino Act in connection with the proposed transaction.

LaBranche's and RPM's representatives held a meeting at RPM's offices on November 28, 2000. Issues discussed at this meeting included the registration

rights to be granted to RPM's stockholders with respect to the LaBranche common stock to be issued to them in connection with the proposed transaction, the survival period of RPM's representations and warranties contained in the merger agreement, LaBranche's rights to indemnification for any breach of RPM's representations, warranties and covenants contained in the merger agreement, the terms and conditions of the escrow arrangements for satisfying the RPM stockholders' indemnification obligations to LaBranche, the voting, dividend and liquidation rights associated with the LaBranche preferred stock to be issued to the RPM stockholders in connection with the proposed transaction and the terms upon which RPM's outstanding employee stock options would be assumed by LaBranche in the merger.

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On November 30, 2000, the RPM board of directors, acting by unanimous written consent, approved all actions which had been taken prior to that date by the officers of RPM in connection with the proposed merger, determined that the proposed merger was advisable and directed the officers of RPM to negotiate the terms and conditions of the proposed merger and the proposed merger agreement.

On December 8, 2000, LaBranche's counsel was notified by the Federal Trade Commission and the U.S. Department of Justice that its request for early termination of the required waiting period after filing of Hart-Scott-Rodino pre-merger Notification and Report Forms had been granted.

At a meeting held on December 14, 2000 at the offices of LaBranche's counsel among Messrs. LaBranche, Robb, Murphy and LaBranche's, RPM's and Mr. Robb's respective counsel, the parties discussed, negotiated and reached agreements in principle on open issues. With respect to registration rights, the meeting participants agreed in principle that the LaBranche stock to be issued to RPM's stockholders in connection with the proposed merger would be registered pursuant to a Form S-4 registration statement to be filed by LaBranche and that the closing of the transaction would be deferred until the SEC had declared the registration statement effective, the stockholders of RPM had approved of the merger in a duly called special meeting held for that purpose and the other conditions to the merger had been satisfied or waived. At this meeting, the participants also tentatively agreed to the conversion of each of RPM's outstanding employee stock options into an option to acquire 98.778 shares of LaBranche common stock. In addition, the RPM option holders would become participants in the RPM Deferred Compensation Plan to be adopted by RPM, subject to RPM stockholder approval in accordance with Section 280G of the Internal Revenue Code.

At a meeting of LaBranche's board of directors held on December 15, 2000, Mr. LaBranche updated the members of LaBranche's board on the status of the negotiations regarding a definitive merger agreement with respect to the RPM acquisition and advised the members of LaBranche's Board of the decision by management to file a registration statement on Form S-4 with respect to the shares of LaBranche stock to be issued to RPM's stockholders in connection with LaBranche's proposed acquisition of RPM.

On January 10, 2001 the board of directors of RPM met with its legal counsel, independent accountants and tax advisors to discuss the proposed merger and the related transactions. The members of the RPM board reviewed and discussed with their advisors the terms and conditions of the draft merger agreement and the related documents. Among other things, the Board discussed the structure of the transaction, the consideration to be received by RPM stockholders and option holders in the transaction and the tax consequences of the transaction. By written consent, the board resolved to enter into the merger agreement, to repurchase RPM's Third and Fourth Preferred Stock, to accelerate payments under RPM's supplemental executive retirement plans, to repay certain outstanding debt, to amend its stock option agreements with the RPM option

holders, to adopt a deferred compensation plan and to transfer its interest in its real estate subsidiary to George E. Robb, Jr. The board also resolved to call a special meeting of the RPM stockholders to approve the merger agreement and the other transactions described therein. The written consent was signed by all of the directors of RPM.

Thereafter until January 18, 2001, representatives and counsel of LaBranche and RPM, including representatives and counsel of George E. Robb, Jr., continued to negotiate the terms of the merger agreement and related transaction documents. After the close of business on that day, representatives of LaBranche and RPM executed the merger agreement, and LaBranche issued a press release the following morning announcing the execution of the merger agreement.

During early February 2001, representatives of LaBranche and RPM discussed the possibility of RPM adopting the retention bonus pool initially expected to be adopted by LaBranche. On February 16, 2001, RPM's board of directors unanimously approved the adoption by RPM of the retention bonus plan. LaBranche and RPM's representatives met to discuss and negotiate an

amendment to the merger agreement to reflect this change, and this amendment was executed as of February 15, 2001.

RPM'S REASONS FOR THE MERGER; RECOMMENDATION OF THE RPM BOARD OF DIRECTORS

The specialist and clearing industries are highly competitive. RPM currently provides specialist and clearing services and LaBranche also provides specialist services and limited clearing services. It is expected that the combined company will provide its customers with better specialist services and have the added benefit of enhanced clearing services of the combined company. By merging with LaBranche, RPM expects to be able to provide better and more uniform services to its customers. RPM believes that, over time, the merger will lead to reduction in operating costs and capital expenditures and enable it to efficiently achieve its strategic objectives.

In reaching its decision to approve the merger agreement and the merger, and to recommend that the RPM stockholders approve the merger agreement and the merger, the RPM board consulted with senior management and advisors. The board also independently considered a number of factors, including the following:

- the complementary nature of the two companies' operations;
- the fact that the RPM stockholders would have the opportunity to participate in the potential for diversified and enhanced growth after the merger;
- the fact that the RPM stockholders would gain liquidity by receiving publicly traded common stock of LaBranche in place of their RPM common stock, which is not publicly traded;
- the fact that the RPM stockholders would receive dividends on the LaBranche Series A preferred stock to be issued to them;
- the operational and administrative cost savings that would result from the merger with LaBranche;
- the fact that the merger will bring together the complementary assets, resources and expertise of the two companies, which should enable the combined company to effectively compete in the rapidly changing marketplace;

- the potential of RPM to enhance LaBranche's public market perception and result in an increased valuation of the combined company; and

- the qualification of the merger as a tax-free transaction for U.S. federal income tax purposes.

The RPM board also reviewed with senior management and legal and financial advisors a number of additional factors relevant to the merger, including:

- historical information concerning LaBranche's and RPM's respective businesses, financial performance and condition, operations, technology, management and competitive position; and

- current financial market conditions and historical market prices and trading information with regard to LaBranche's common stock.

The RPM board also identified and considered the following potentially negative factors in its deliberations concerning the merger:

- the risk that the integration of the two companies' respective operations and employees might not occur in a timely manner and that the operations of the two companies might not be successfully integrated;

- the risk that, despite the efforts of the combined company, key technical and management personnel might not remain employed by the combined company;

- the substantial expenses to be incurred in connection with the merger, including costs of integrating the businesses and transaction expenses arising from the merger;

- the risk that potential benefits sought in the merger might not be fully realized; and

- the other risks described under the caption "Risk Factors" presented earlier in this proxy statement/prospectus.

The above list of information and factors considered by the RPM board is not intended to be exhaustive but includes all material factors considered by the RPM board. In view of the variety of factors considered in connection with its evaluation of the merger, the RPM board did not find it practicable to, and did not, quantify or otherwise assign relative weight to the specific factors considered in reaching its determination. In addition, individual members of the RPM board may have given different weight to different factors.

After careful consideration, the RPM board determined that the terms of the merger agreement are fair to and in the best interests of RPM and its stockholders. As a result, the board approved the merger agreement and the merger. The RPM board recommends that you vote FOR approval of the merger agreement and the merger.

LABRANCHE'S REASONS FOR THE MERGER

LaBranche believes that the acquisition of RPM will strengthen its market position in the specialist market and will complement its position in the specialist and broker-dealer fields. LaBranche also believes that the two companies' businesses are substantially similar and that their combination offers the opportunity to enhance their combined revenues without a corresponding increase in expenses.

DISSENTERS' APPRAISAL RIGHTS

Each RPM stockholder has the right to dissent from the merger and to demand and obtain a cash payment equal to the appraised value of the shares of RPM common stock held by him under the circumstances described below, but is being asked to waive this right by signing a stockholder agreement. If any RPM stockholder does not execute the form of stockholder agreement, LaBranche could abandon the merger. The appraised value that a dissenting RPM stockholder obtains for his shares of RPM common stock by dissenting will be determined by a court and may be less than, equal to or greater than the value of the merger consideration provided for in the merger agreement. If an RPM stockholder fails to comply precisely with the procedural requirements of Section 262 of the Delaware General Corporation Law, the stockholder will lose his right to dissent and seek payment for the appraised value of his shares of RPM common stock.

The following is a summary of Section 262, which specifies the procedures applicable to dissenting stockholders. This summary is not a complete statement of the law regarding an RPM stockholder's right to dissent under Delaware law, and if an RPM stockholder is considering dissenting, we urge the stockholder to review the provisions of Section 262 carefully and to consult an attorney. The text of Section 262 is attached to this proxy statement/prospectus as ANNEX B, and we incorporate that text into this proxy statement/prospectus by reference. Among other matters, each RPM stockholder should be aware of the following:

- to be entitled to dissent and seek appraisal, he must:
  - hold shares of RPM common stock on the date he makes the demand required under Delaware law;
  - continuously hold those shares until the merger has been completed;
  - not vote in favor of the merger; and
  - otherwise comply with the requirements of Section 262;

  - before the RPM stockholders' special meeting, he must deliver a written notice that states his identity and intent to demand appraisal to RPM, 20 Broad Street, 6th Floor, New York, New York 10005, Attention: Secretary (RPM stockholders should be aware that simply voting against the merger or not voting is not a demand for appraisal rights);
- within ten days after the effective time of the merger, the surviving corporation will notify all the dissenting RPM stockholders who have complied with Section 262 and who have not voted in favor of the merger of the date the merger became effective;
- within 120 days after the effective time of the merger, an RPM stockholder who has complied with the requirements of Section 262, may file a petition in the Delaware Court of Chancery demanding a determination of the value of his RPM stock, but if a petition is not filed by the stockholder or another dissenting RPM stockholder within this time period, the stockholder will lose his right to an appraisal and will be entitled to receive only the merger consideration provided for in the merger agreement;
- the Court of Chancery will determine which dissenting stockholders complied with the requirements of Section 262 and are entitled to appraisal rights;
- the Court of Chancery will then appraise the shares, determining their

fair value exclusive of any value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid on the appraised fair value, based on its consideration of all relevant factors;

- the Court of Chancery will then direct the surviving corporation to pay the fair value of the dissenting shares, together with any interest, to the stockholder entitled to payment when he surrenders the certificates to the surviving corporation;

- the costs of the proceeding for appraising the fair value may be determined by the court and the court may require the parties to bear the costs in a manner that it deems equitable;

- the court may require, upon the dissenting stockholder's request, that all or a portion of the expenses incurred by any stockholder in connection with the appraisal, including attorney's and expert's fees, be charged pro rata against the value of all shares entitled to appraisal;

- if the RPM stockholder dissents from the merger, he will not be entitled to vote his shares of RPM common stock for any purpose or to receive dividends or other distributions (other than dividends or other distributions payable to stockholders of record at a date prior to the effective time of the merger) after the effective time of the merger; and

- the RPM stockholder may withdraw his demand for appraisal and accept the merger consideration provided for in the merger agreement at any time within 60 days after the effective date of the merger or after that date with the surviving corporation's consent.

U.S. FEDERAL INCOME TAX CONSEQUENCES

The following summary discusses the material U.S. federal income tax consequences of the merger to the RPM stockholders. This discussion is based upon the Internal Revenue Code, Treasury regulations, administrative rulings and judicial decisions currently in effect, all of which are subject to change, possibly with retroactive effect. The discussion assumes that RPM stockholders hold their RPM common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code. Further, the discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular stockholder in light of his, her or its circumstances or to stockholders subject to special treatment under the U.S. federal income tax laws, including:

- insurance companies;

- tax-exempt organizations;

- broker-dealers;

- financial institutions;

- persons that hold their RPM common stock as part of a straddle, a hedge against currency risk or a constructive sale or conversion transaction;

- persons who are neither U.S. citizens nor residents;

- foreign corporations, foreign partnerships or foreign estates or trusts as to the U.S.;

- stockholders who acquired their RPM common stock through the exercise of

options or otherwise as compensation or through a tax-qualified retirement plan; or

- RPM option holders.

This summary does not address the tax consequences of the repurchase of RPM preferred stock prior to the closing. Furthermore, this discussion does not consider the potential effects of any state, local or foreign tax laws.

Neither LaBranche nor RPM has requested or intends to request a ruling from the U.S. Internal Revenue Service with respect to any of the U.S. federal income tax consequences of the merger and, as a result, there can be no assurance that the IRS will not disagree with or challenge any of the conclusions described below.

RPM has received a tax opinion from its counsel, Kelley Drye & Warren LLP, dated the date of this proxy statement/prospectus, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. A copy of this opinion is annexed to this proxy statement/prospectus as ANNEX C. It is a condition to the closing of the merger that tax counsel confirm its opinion, as of the closing date.

As a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the material U.S. federal income tax consequences of the merger to RPM stockholders are as follows:

- no gain or loss will be recognized by RPM stockholders on the exchange of their RPM common stock for LaBranche common stock and Series A preferred stock, except for cash received instead of fractional shares of LaBranche common stock, as discussed below;

- the aggregate adjusted tax basis of the LaBranche common stock and Series A preferred stock received in the merger by an RPM stockholder (including any fractional share of LaBranche common stock with respect to which the RPM stockholder receives cash) will be equal to the aggregate adjusted tax basis of the RPM stockholder's RPM common stock exchanged therefor, and will be allocated between the LaBranche common stock and Series A preferred stock (including any fractional shares) received in proportion to the relative fair market value of the LaBranche common stock and Series A preferred stock as of the closing date of the merger; and

- the holding period of the LaBranche common stock and Series A preferred stock received in the merger by an RPM stockholder will include the holding period of the RPM stockholder's RPM common stock exchanged therefor.

CASH INSTEAD OF FRACTIONAL SHARE. The receipt of cash instead of a fractional share of LaBranche common stock will be treated as a taxable disposition of that fractional share interest and the RPM stockholder will recognize taxable gain or loss for U.S. federal income tax purposes equal to the difference between the amount of cash received and the RPM stockholder's adjusted tax basis in the fractional share. The gain or loss will constitute capital gain or loss and will constitute long-term capital gain or loss if the RPM stockholder's holding period for the RPM common stock surrendered in the merger is greater than 12 months as of the date of the merger. For non-corporate RPM stockholders, this long-term capital gain generally will be subject to tax at a maximum U.S. federal income tax rate of 20%. The deductibility of capital losses is subject to limitations.

ESCROW. While the matter is not free from doubt, RPM stockholders likely will be treated as having received the escrowed shares of LaBranche Series A preferred stock upon the closing of the merger. Accordingly, until the escrowed

shares are released, the interim adjusted tax basis of the

LaBranche common stock and Series A preferred stock received by RPM stockholders likely will be determined as though the maximum number of shares of LaBranche common stock and Series A preferred stock had been received by RPM stockholders at the closing of the merger, and RPM stockholders likely will not recognize any gain or loss upon the release of Series A preferred stock from the escrow. The adjusted tax basis of any forfeited escrowed shares of Series A preferred stock of an RPM stockholder would be added to the adjusted tax basis of the remaining LaBranche common stock and Series A preferred stock received in the merger by that RPM stockholder.

APPRAISAL RIGHTS. An RPM stockholder who receives cash for his RPM common stock as a result of exercising his appraisal rights will recognize capital gain or loss equal to the difference between the amount of cash he receives and the adjusted tax basis of his RPM common stock.

SECTION 306 STOCK. The IRS could take the position that the LaBranche Series A preferred stock received by RPM stockholders in the merger is "Section 306 stock" if the IRS asserts that the receipt of the Series A preferred stock by RPM stockholders is "substantially the same as the receipt of a stock dividend." If the Series A preferred stock were determined to be "Section 306 stock," an RPM stockholder could be required to recognize ordinary income on the subsequent sale or exchange of such stock or dividend income on the redemption of such stock without regard to such RPM stockholder's tax basis in the Series A preferred stock, and would not be permitted to recognize any loss. RPM STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE RECEIPT OF LABRANCHE SERIES A PREFERRED STOCK.

BACKUP WITHHOLDING. Some non-corporate RPM stockholders may be subject to backup withholding at a 31% rate on cash payments received instead of fractional shares of LaBranche common stock in the merger or as a result of the exercise of appraisal rights, unless they:

- furnish a correct taxpayer identification number and certify that they are not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to RPM stockholders following the date of completion of the merger; or

- are otherwise exempt from backup withholding.

REPORTING REQUIREMENTS. An RPM stockholder who receives LaBranche common stock and Series A preferred stock in the merger may be required to retain records related to his RPM common stock, and file with his U.S. federal income tax return a statement setting forth facts relating to the merger.

THIS SUMMARY DOES NOT ADDRESS TAX CONSEQUENCES THAT MAY VARY WITH, OR ARE CONTINGENT ON, INDIVIDUAL CIRCUMSTANCES. MOREOVER, THE SUMMARY DOES NOT ADDRESS ANY NON-INCOME TAX OR ANY FOREIGN, STATE OR LOCAL TAX CONSEQUENCES OF THE MERGER. THE SUMMARY DOES NOT ADDRESS THE TAX CONSEQUENCES OF ANY TRANSACTION OTHER THAN THE MERGER. ACCORDINGLY, WE STRONGLY URGE YOU TO CONSULT WITH A TAX ADVISOR TO DETERMINE THE PARTICULAR FEDERAL, STATE, LOCAL OR FOREIGN INCOME OR OTHER TAX CONSEQUENCES TO YOU OF THE MERGER.

ACCOUNTING TREATMENT

The merger will be accounted for by LaBranche under the purchase method of accounting. Accordingly, the merger consideration will be allocated among the assets of RPM based on their respective fair market values at the date of acquisition, and any excess of the merger consideration over such fair market

values will be accounted for as intangible assets and goodwill. The financial statements of LaBranche will reflect the combined operations of LaBranche and RPM from the effective date of the merger.

NO SOLICITATION

Pending the closing of the merger, RPM has agreed that it will not, directly or indirectly,

- entertain, encourage, solicit or initiate the submission of any competing acquisition proposal;

- participate in or encourage, including by way of furnishing any non-public information, any discussions or negotiations regarding any competing acquisition proposal; or

- enter into any definitive agreement relating to any competing acquisition proposal.

INTERESTS OF RPM DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

In considering the recommendation of RPM's board of directors with respect to the adoption and approval of the merger, RPM's stockholders should be aware that some members of the management of RPM and RPM's board of directors have interests in the merger that are different from, or in addition to, the interests of RPM's stockholders generally. These items relate to, among other things, directorships and officer positions with LaBranche or its subsidiaries after the merger, receipt of accelerated payments under a supplemental executive retirement plan, receipt of registration rights, participation in the RPM Deferred Compensation Plan and retention bonus pool, and the conversion of their existing RPM stock options into fully-vested options to purchase shares of LaBranche common stock. RPM's board of directors was aware of these potential interests and considered the following matters, among others, in approving the merger agreement and the merger.

At the close of business on the record date, directors and executive officers of RPM owned and were entitled to vote 64,000 shares of RPM common stock, which represented about 91.3% of the shares of RPM common stock outstanding on that date. Upon completion of the merger, it is anticipated that the current directors and executive officers of RPM collectively will own an aggregate of about 6,321,792 shares of LaBranche common stock, or 12.4% of the then outstanding shares of LaBranche common stock.

At the close of business on the record date, three directors and executive officers of RPM collectively held options to purchase an aggregate of 7,900 shares of RPM common stock. Upon completion of the merger, the outstanding RPM employee stock options will be converted into options to purchase shares of LaBranche common stock, using the same 98.778 per share exchange ratio as that for RPM's common stock. See "The Merger Agreement--Stock Options" for a further description of the participation of RPM optionholders in the merger. Upon completion of the merger, it is anticipated that the current directors and executive officers of RPM and their affiliates collectively will beneficially own options to purchase an aggregate of 780,346 shares of LaBranche common stock.

Messrs. Robb and Murphy, RPM's President and Executive Vice President, respectively, are stockholders of RPM and also will become directors of LaBranche following the merger. Mr. Murphy also will become the Chief Executive Officer of LaBranche & Co. LLC, LaBranche's specialist subsidiary after the merger. In addition, the following RPM directors and executive officers also are

stockholders and option holders of RPM and will receive consideration in the merger:

- Cornelius F. Bodtmann, RPM's Executive Vice President and a director;

- Nathan J. Mistretta, RPM's Executive Vice President--Finance and Administration, Secretary and Treasurer and a director;

- Frederick F. Tramutola, Jr., RPM's Executive Vice President and a director; and

- James B. Robb, RPM's Senior Vice President and a director.

A condition to LaBranche's obligation to complete the merger is the disposition by RPM of its subsidiary, ROBB PECK McCOOEY Real Estate Management Corp., or Remco, to George E. Robb, Jr. Mr. Robb, Jr. is the President and controlling stockholder of RPM. Remco engages in real estate management activities and, through its subsidiaries, owns real property. The real estate held through Remco and the associated real estate management activities are unrelated to the business and operations of RPM. LaBranche does not desire to assume the business conducted by Remco and is requiring that RPM dispose of Remco immediately prior to the consummation of the merger. RPM's interest in Remco will be transferred to Mr. Robb, Jr. in consideration for Mr. Robb, Jr.'s relinquishment of his controlling interest in RPM. It is currently contemplated that this disposition and

transfer to Mr. Robb, Jr. will be effected through a series of mergers of Remco and Remco's subsidiaries into a newly created limited liability company controlled by Mr. Robb, Jr. in which Mitchell Low, President of Remco, will have a limited participation interest. As of December 31, 2000, Remco and its subsidiaries had a recorded net book value of about $7.3 million.

The merger also will constitute a change of control under RPM's supplemental executive retirement plan, or SERP, agreements with Messrs. Murphy, Bodtmann and Mistretta. As a result, commencing on the date of closing of the merger:

- Mr. Murphy will immediately be entitled to a lump sum payment of his entire SERP benefit, totaling $5.0 million;

- Mr. Bodtmann will immediately be entitled to a lump sum payment of his entire SERP benefit, totaling $4.5 million; and

- Mr. Mistretta will immediately be entitled to a lump sum payment of his entire SERP benefit, totaling $4.0 million.

RPM's stockholders should consider whether these interests may have influenced RPM's directors and officers to support or recommend the merger.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF LABRANCHE AFTER THE MERGER

There currently are eight members of the LaBranche board of directors. Upon completion of the merger, the number of directors on the board will be increased to ten. LaBranche has agreed to appoint George E. Robb, Jr. and Robert M. Murphy, President and Executive Vice President, respectively, of RPM prior to the merger as Class II and Class I directors, respectively, of LaBranche.

LaBranche's board of directors has been classified pursuant to its certificate of incorporation. In accordance with the provisions of its certificate of incorporation, LaBranche has divided its directors into three classes, designated Class I, Class II and Class III. Each class consists, as

nearly as possible, of one-third of the total number of directors constituting LaBranche's entire board of directors. Class I directors will serve until LaBranche's 2003 annual meeting of stockholders, Class II directors will serve until LaBranche's 2001 annual meeting and Class III directors will serve until LaBranche's 2002 annual meeting. At each annual meeting of LaBranche stockholders, successors to the directors whose terms expire at that annual meeting are elected for a three-year term.

Following the merger:

- Michael LaBranche, currently Chairman, President and Chief Executive Officer of LaBranche, will continue to serve as Chairman, President and Chief Executive Officer of LaBranche;

- George E. Robb, Jr., currently the President of RPM, will become a director of LaBranche;

- Robert M. Murphy, currently the Executive Vice President of RPM, will become a director of LaBranche and Chief Executive Officer of LaBranche & Co. LLC, LaBranche's specialist subsidiary; and

- the remainder of the directors and executive officers of LaBranche prior to the merger will continue to hold their respective directorships and executive officer positions with LaBranche.

EXPENSES

The merger agreement provides that each of LaBranche and RPM will pay its own expenses in connection with the merger and related transactions, including, the fees and expenses of its own investment advisors, brokers, legal counsel, accountants and other outside experts.

NEW YORK STOCK EXCHANGE LISTING

LaBranche common stock is listed on the New York Stock Exchange under the symbol "LAB." The LaBranche common stock to be issued to the RPM stockholders in the merger will be listed on the NYSE. The LaBranche Series A preferred stock to be issued to the RPM stockholders in the merger will not be listed.

THE MERGER AGREEMENT

GENERAL

The following summary of the merger agreement is qualified by reference to the complete text of the merger agreement, as amended, which is incorporated by reference and attached as ANNEX A to this proxy statement/prospectus. We encourage you to read the merger agreement in its entirety.

STRUCTURE OF THE MERGER

Under the merger agreement, RPM will merge directly with and into LaBranche. LaBranche will be the surviving corporation in the merger.

CLOSING; EFFECTIVE TIME

The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware or at such later time as LaBranche and RPM may agree and specify in the certificate of merger. The filing of the certificate of merger is expected to occur shortly after the RPM stockholders' special meeting assuming that the RPM stockholders approve the

transaction at the meeting or an adjournment thereof and that the other conditions in the merger agreement are satisfied or waived. Please see "The Merger Agreement--Conditions to the Merger" for a discussion of these conditions.

WHAT RPM STOCKHOLDERS WILL RECEIVE IN THE MERGER

For each share of RPM common stock they own, the RPM stockholders will receive 98.778 shares of LaBranche common stock and shares of LaBranche Series A preferred stock having an aggregate liquidation preference of $1,426.53. The shares of LaBranche Series A preferred stock otherwise issuable to the RPM stockholders are subject to the RPM stockholders' indemnification obligations to LaBranche, and the RPM stockholders may be obligated to return to LaBranche a portion of shares of LaBranche Series A preferred stock otherwise deliverable to them at the closing of the merger based on the final calculation of the net book value of RPM as of the closing of the merger, as described below. In addition, RPM and each RPM option holder have amended that option holder's option agreement to provide for the conversion of each of his RPM options into an immediately exercisable option to purchase 98.778 shares of LaBranche common stock.

A portion of the shares of LaBranche Series A preferred stock issuable to the RPM stockholders in the merger will be held in escrow for a period of 18 months to satisfy any indemnification payment obligations of the RPM stockholders to LaBranche under the merger agreement. An additional portion of the Series A preferred stock will also be held in escrow pending a final calculation of the adjusted net book value (as defined in the merger agreement) of RPM as of the closing date of the merger. To the extent the adjusted net book value of RPM as of the closing date of the merger is less than the amount of the aggregate liquidation preference of the shares of LaBranche Series A preferred stock issuable to the RPM stockholders at the closing of the merger, escrowed shares of LaBranche Series A preferred stock with a liquidation preference equal to the amount of such deficiency will be returned to LaBranche. On the other hand, if the final adjusted net book value of RPM as of the closing date of the merger is greater than the aggregate liquidation preference of the shares of LaBranche Series A preferred stock issuable to the RPM stockholders at the closing of the merger, LaBranche will be obligated to deliver to the RPM stockholders additional shares of LaBranche Series A preferred stock with an aggregate liquidation preference equal to the amount of such excess.

PROCEDURES FOR SURRENDER OF RPM STOCK CERTIFICATES; FRACTIONAL SHARES

Commencing immediately after the effective time of the merger, upon surrender by RPM stockholders of their stock certificates representing shares of RPM common stock, RPM stockholders

will receive stock certificates representing shares of LaBranche common stock and LaBranche Series A preferred stock together with a cash payment in lieu of any fractional shares of LaBranche common stock to which they are otherwise entitled. No fractional shares of LaBranche common stock will be issued for RPM shares. Instead, LaBranche will pay an amount in cash determined by multiplying (x) the fractional share interest to which the RPM stockholder would otherwise be entitled by (y) the volume-weighted average sales price per share of LaBranche common stock during the 20 consecutive trading days ending on and including the second trading day immediately preceding the closing price of a share of LaBranche common stock as of the closing of the merger, as reported by Bloomberg Information Systems, Inc.

REPRESENTATIONS AND WARRANTIES

RPM has made certain customary representations and warranties to LaBranche in the merger agreement relating to, among other things:

- its organization, the organization of its subsidiaries and similar corporate matters;
- its capital structure;
- its authorization, execution and delivery and performance of the merger agreement and the other agreements contemplated thereby;
- the absence of conflicts, violations or defaults under its organizational documents or conflicts with or violations of any laws as a result of executing the merger agreement or completing the merger;
- the governmental consents and filings required to complete the merger;
- its compliance with governmental regulations concerning employee benefit plans and labor matters;
- the completeness of its financial statements;
- the absence of conflicts with other documents, agreements and instruments to which it or any of its subsidiaries is a party;
- its compliance with regulatory requirements and licenses in the conduct of its business;
- its right to own or license intellectual property rights such as copyrights, patents and trademarks that it uses in the conduct of its business;
- the absence of undisclosed liabilities and material adverse events;
- transactions with affiliates and related parties;
- the filing of its tax returns and payment of taxes;
- the absence of employment-related proceedings;
- the identification and effectiveness of its material agreements and commitments;
- the absence of legal proceedings against it, except as specifically identified in a schedule to the merger agreement;
- its insurance policies; and
- its bank accounts.

LaBranche has made customary representations and warranties to RPM in the merger agreement relating to, among other things:

- its organization, the organization of its subsidiaries and similar corporate matters;

- its capital structure;
- its authorization, execution and delivery and performance of the merger agreement and the other agreements contemplated thereby;

- the absence of conflicts, violations or defaults under its organizational documents or conflicts with or violations of any laws as a result of executing the merger agreement or completing the merger;

- the absence of conflicts with other documents, agreements and instruments to which it or any of its subsidiaries is a party;

- its filing of tax returns and payment of taxes;

- the retention and effectiveness of all regulatory approvals required in connection with the conduct of its business;

- the timeliness and completeness of all its required SEC filings;

- the accuracy and completeness of its financial statements;

- the absence of legal proceedings against it;

- its compliance with applicable laws;

- the identification of potential restrictions on its payment of dividends;

- the governmental consents and filings required to complete the merger; and

- its compliance with governmental regulations concerning employee benefit plans and labor matters.

All representations of RPM and LaBranche made in the merger agreement will survive the closing of the merger and for a period of 18 months thereafter, except that all representations and warranties as to taxes and employee benefits matters under ERISA will survive until the expiration of the statute of limitations applicable to such claims.

REPRESENTATIONS AND WARRANTIES OF THE RPM STOCKHOLDERS AND OPTION HOLDERS

Each of the RPM stockholders who surrenders his RPM stock in connection with the merger must make certain representations and warranties in a separate stockholder agreement with LaBranche, and each of the RPM option holders must make certain representations and warranties in an indemnification agreement with LaBranche. The representations and warranties of each RPM stockholder include representations and warranties relating to:

- the RPM stockholder's ownership of his RPM stock;

- the RPM stockholder's power to execute, deliver and perform the stockholder agreement;

- the absence of conflicts, violations or defaults under any other agreement to which the RPM stockholder is a party or violations of any laws as a result of the RPM stockholder's execution of the stockholder agreement;

- the absence of the need for governmental consents and approvals in connection with the RPM stockholder's execution of the stockholder agreement;

- the absence of a broker or finder used by that RPM stockholder in connection with the merger;

- the absence of litigation impairing the RPM stockholder's ability to perform his obligations under the stockholder agreement or which might prevent the consummation of the merger;

- waiver of the RPM stockholder's right to have his RPM common stock redeemed in connection with the repurchase by RPM of any shares of RPM preferred stock which he may own prior to the closing of the merger; and

- an agreement not to transfer the Series A preferred stock being acquired by him in the merger in violation of the transfer restrictions contained in the stockholder agreement.

Pursuant to the RPM stockholder agreements, each RPM stockholder also will waive his dissenter's rights in connection with the merger.

Each of the RPM option holders who executes the indemnification agreement among LaBranche and the option holders will make certain representations and warranties. These include representations and warranties relating to:

- the RPM option holder's ownership of his RPM options;

- the RPM option holder's power to execute, deliver and perform the indemnification agreement; and

- the absence of conflicts, violations or defaults under any other agreement to which the RPM option holder is a party or violations of any laws as a result of the RPM option holder's execution of the indemnification agreement.

REGULATORY APPROVALS

It is a condition to the consummation of the merger that LaBranche and RPM obtain any and all authorizations, permits, approvals and consents of any governmental entity and regulatory authority, including the NYSE, the SEC, the NASD, the CBOE and the AMEX and that the merger be in compliance with all applicable state and federal securities laws. As of February 15, 2001, LaBranche and RPM were still in the process of obtaining the necessary authorizations, permits, approvals and consents from these entities. It is also a condition to the merger that the applicable waiting period under the Hart-Scott-Rodino Act has expired. LaBranche and RPM were granted termination of the waiting period for the merger under the Hart-Scott-Rodino Act by the Federal Trade Commission and the Department of Justice on December 8, 2000. If any other approval or action is required, LaBranche and RPM will seek that approval or action. There can be no assurance that any approval or action, if required, will be obtained on a timely basis, if at all.

CERTAIN COVENANTS

INTERIM OPERATIONS OF RPM

Until the closing of the merger, RPM and its subsidiaries have agreed to carry on their business in the ordinary course and consistent with past practice. RPM also has agreed not to do any of the following without the consent of LaBranche:

- make any amendments or changes to its charter or bylaws or those of its subsidiaries;

- except as expressly permitted in the merger agreement, make any payments or accelerate the vesting of any other benefit or right of any director, officer or employee contingent upon the merger or the possible termination of his employment after the merger, amend any employment agreements or benefits of any officer, director, consultant or employee or make any

loans or advances to any officer, director, employee, stockholder or consultant of RPM;

- issue or enter into negotiations to issue any shares of its capital stock or shares convertible into capital stock other than the issuance of shares under RPM's existing option agreements;

- change the number of shares of its authorized capital stock or grant any option, warrant, call, commitment or agreement of any character relating to its authorized capital stock or the stock of its subsidiaries;

- declare or pay any dividends on, or make any distributions with respect to, its capital stock, split, combine or reclassify any of its capital stock or repurchase, redeem or otherwise acquire any shares of its capital stock, other than the redemption of the RPM preferred stock prior to the closing of the merger;

- incur any new debt in excess of $150,000 (other than debt incurred in the ordinary course of business);

- sell, lease or otherwise dispose of any of its assets having a book or market value in excess of $150,000 in the aggregate or that are otherwise material to its business or enter into an agreement to do any of the foregoing, other than in the ordinary course of business consistent with past practice;

- incur or commit to any capital expenditures, obligations or liabilities in excess of $50,000 individually or $150,000 in the aggregate, acquire or agree to acquire by merging or consolidating with, or acquire or agree to acquire by purchasing a substantial portion of the assets of any business, acquire or agree to acquire any assets for aggregate consideration in excess of $150,000 other than the acquisition of materials and supplies, services and activities during the course of business consistent with past practice, make any investment in any business, except in the ordinary course of business consistent with past practice, or enter into any license, technology development or technology transfer agreement;

- enter into any new line of business;

- with certain exceptions, adopt or amend any benefit plan in a manner that results in a material increase in the benefits available under such plan or its compensation expense;

- terminate any of its existing insurance policies;

- settle or compromise any material litigation or arbitration proceeding; or

- agree or commit to do any of the above.

During the period before the closing, RPM also has agreed to:

- perform and cause its subsidiaries to perform all their respective obligations and conduct their business in the ordinary course; and

- use commercially reasonable efforts to maintain registrations and good standing with the SEC, the NASD, the NYSE, the AMEX, the CBOE, any regional market on which it conducts business and any states where such registration is required.

From the date of the merger agreement until the closing, LaBranche has

agreed to carry on its business in the ordinary course and consistent with past practice. LaBranche also has agreed not to do any of the following without the consent of RPM:

- pay any dividend or make any other distribution to holders of its capital stock or repurchase, redeem or otherwise acquire any shares of its capital stock other than in the ordinary course of business pursuant to any preexisting agreements or arrangements with its employees or consultants;

- with certain exceptions, directly or indirectly merge or consolidate with another entity or enter into any transaction resulting in LaBranche holding less than a 50% interest in the assets which it held prior to the transaction;

- authorize, create or issue any new class or series of capital stock that ranks senior to or equal to the LaBranche Series A preferred stock to be issued in the merger to the RPM stockholders; or

- agree or commit to do any of the above.

During the period before the closing, LaBranche also has agreed to:

- perform and cause its subsidiaries to perform all their respective obligations and conduct their respective businesses in the ordinary course; and

- use commercially reasonable efforts to maintain its registrations and good standing with the SEC, the NASD, the NYSE, the AMEX, the CBOE, any regional market on which it conducts business, and with any states where such registration is required.

INDEMNIFICATION BY RPM STOCKHOLDERS AND OPTION HOLDERS

Under the merger agreement, the RPM stockholders and the RPM option holders are required to indemnify LaBranche for breaches by RPM of its representations, warranties and covenants, contained in the merger agreement. The RPM stockholders are also required to indemnify LaBranche for breaches of their representations and warranties contained in their respective separate stockholder agreements. The RPM option holders are required to indemnify LaBranche for breaches of their representations and warranties contained in their indemnification agreements. The RPM stockholders and option holders generally will be liable for such indemnification only if and to the extent that the total amount of damages suffered by LaBranche on account of such breaches exceeds a threshold of $1.0 million.

The total indemnification liability of the RPM stockholders will be limited to:

- 10% of the closing value at closing of the LaBranche common stock to be distributed to them in the merger ($31.4 million if the closing had occurred on February 13, 2001), plus

- 10% of the liquidation value of the LaBranche Series A preferred stock to be distributed to them in the merger (expected to be about $10.0 million), plus

- an amount expected to be about $14.4 million (assuming no further exercises of RPM options prior to the closing of the Merger).

The total indemnification liability of the RPM option holders will be

limited to:

- 10% of the closing value (as described in the merger agreement) at closing of the LaBranche common stock to be issued to them upon exercise of their amended RPM stock options ($12.6 million if the closing had occurred on February 13, 2001), plus

- 10% of the amount of the benefits payable, excluding interest, under the RPM Deferred Compensation Plan, (about $3.0 million), plus

- an amount expected to be about $5.6 million (assuming no further exercises of RPM options prior to the closing of the merger).

The RPM option holders' obligation to LaBranche may be satisfied only by a reduction of the benefits payable to them under the RPM Deferred Compensation Plan.

LaBranche also will indemnify the RPM stockholders and option holders against breaches of its representations, warranties and covenants contained in the merger agreement, subject to a minimum threshold amount of $1.0 million and a maximum liability equal to the aggregate of the maximum liability of the RPM stockholders and option holders as described above.

ESCROW OF SERIES A PREFERRED STOCK

At the effective time of the merger, LaBranche will deposit with an escrow agent a portion of the shares of Series A preferred stock to be issued to the RPM stockholders in the merger. The shares deposited will have a total liquidation value equal to the maximum indemnification liability of the RPM stockholders to LaBranche as described above and will be held in escrow to satisfy these indemnification obligations, if there are any, of the RPM stockholders. The escrow arrangement will terminate 18 months after the closing of the merger, except that if there are unresolved pending claims for indemnification on that date, shares will be retained in escrow to cover those claims until they are resolved. LaBranche's remedies for satisfaction of indemnification claims against the RPM stockholders, if any, will be limited to recovery of the shares held in the escrow, except that, after termination of the escrow, LaBranche will still have recourse to shares distributed from the escrow to the RPM stockholders, or to the cash proceeds of any sale of those shares, with respect to claims for tax and ERISA matters.

An additional portion of the Series A preferred stock will be held in escrow to provide for the RPM stockholders' obligation to return a portion of the shares of LaBranche's Series A preferred stock to LaBranche, or LaBranche's obligation to issue additional shares of Series A preferred stock to the RPM stockholders based on the final calculation of RPM's adjusted net book value (as described in the merger agreement) as of the closing date of the merger. Those shares will be distributed to the RPM stockholders after the final calculation of TPM's adjusted net book value as of the closing date of the merger, except to the extent, if any, required to be returned to LaBranche as a result of that calculation. To the extent the adjusted net book value of RPM's as of the closing date of the merger is different from the aggregate liquidation preference of the shares of LaBranche Series A preferred stock issued on the closing date of the merger, the number of shares will be adjusted accordingly.

The "adjusted net book value" of RPM is defined in the merger agreement as the stockholders equity of RPM adjusted by subtracting the following amounts:

(1) the aggregate liquidation value of any then outstanding shares of RPM's preferred stock;

(2) 53% of the additional expense of accelerating the full vesting of any then unvested options to purchase RPM common stock;

(3) 53% of the additional expense of RPM's accelerated payment of all amounts (including those attributable to retiree medical and long-term care insurance benefits) payable under RPM's supplemental executive retirement plans;

(4) the unamortized portion of the goodwill associated with RPM's exchange memberships;

(5) the unamortized portion of the goodwill associated with RPM's franchise rights;

(6) the unamortized portion of the goodwill associated with RPM's specialist stocks, including these held by RPM's joint accounts;

(7) 53% of the "amount of unfunded liabilities" with respect to RPM's Pension Plan, actuarially determined on a termination basis (with such liabilities taking into account any benefits projected to accrue for service during the 15-day period following the closing date of the merger) by RPM's actuary and agreed to by LaBranche's actuary using the assumptions and methods specified in a schedule to the merger agreement;

(8) the stockholders equity of Remco, assuming for this purpose the capitalization of any intercompany payables owed by Remco subsidiary to RPM or to any of RPM's other subsidiaries; and

(9) 53% of the aggregate amount of benefits payable under the RPM Deferred Compensation Plan (not including interest) and the retention bonus pool;

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and by adding to such amount the following amounts (in the case of clauses (10) and (11), determined as of the closing date of the merger):

(10) the amount of any stock option compensation payable included in RPM's accrued liabilities (assuming for this purpose the acceleration of the full vesting of any then unvested options to purchase RPM common stock);

(11) the amount of any surplus with respect to RPM's pension plan, actuarially determined on a termination basis in accordance with clause (7) above, and after taking into account applicable income taxes (computed at a tax rate of 47%), excise tax under Section 4980 of the Internal Revenue Code, and any use by LaBranche of such surplus to fund any plan of LaBranche;

(12) 53% of the aggregate amount of the benefits payable under the RPM Deferred Compensation Plan (not including interest) and the retention bonus pool; and

(13) $7,600,000 (subject to equitable adjustment in the event any RPM options are exercised between prior to the closing of the merger).

To avoid duplication with respect to clauses (1) through (9) above, the items in such clauses will not be deducted to the extent that stockholders equity of RPM already reflects the deduction of the amounts of the items in such clauses (and the creation of related deferred tax assets, in the case of any item for which only 53% would be deducted), and that with respect to clauses (10) through (12) above, the items in such clauses will not be added to the extent that stockholders equity of RPM already reflects the addition of the

amounts of the items in such clauses (and the creation of related deferred tax liabilities, in the case of any item for which only 53% would be added).

OTHER AGREEMENTS

RPM has agreed to cause the RPM stockholders' special meeting to be held as soon as reasonably practicable after the signing of the merger agreement. RPM's board of directors also has agreed to recommend approval of the merger agreement by its stockholders and to take all reasonable and lawful action to solicit and obtain such approval.

The merger agreement contains mutual covenants of the parties, including covenants relating to:

- preparation and filing of all required documents with the proper governmental agencies;
- maintenance of the confidentiality of all information disclosed to each other in connection with the merger;
- use of all reasonable efforts to obtain all necessary consents, approvals or waivers, as applicable, of third parties or governmental agencies to the merger;
- provision of access to information of each party in connection with their respective businesses; and
- advice to each other as to material changes in their respective businesses.

APPOINTMENTS TO LABRANCHE BOARD OF DIRECTORS

LaBranche has agreed to appoint George E. Robb, Jr. and Robert M. Murphy, the current President and Executive Vice President, respectively, of RPM to serve as Class II and Class I directors, respectively, of LaBranche immediately after the merger.

CONDITIONS TO THE MERGER

CONDITIONS TO EACH PARTY'S OBLIGATIONS TO EFFECT THE MERGER. Various conditions must be satisfied before LaBranche and RPM complete the merger. Some of these conditions apply to both LaBranche

and RPM, which means that if the conditions are not met, neither LaBranche nor RPM will be obligated to complete the merger. Some conditions apply only to LaBranche, which means that if the conditions are not met, RPM will be obligated to complete the merger, but LaBranche will not. The remainder of the conditions apply only to RPM, which means that if the conditions are not met, LaBranche will be obligated to complete the merger, but RPM will not.

CONDITIONS THAT APPLY TO BOTH LABRANCHE AND RPM. Neither LaBranche nor RPM will have an obligation to complete the merger unless the following conditions are satisfied:

- accuracy of the representations and warranties of the other party and the other party's performance of all its obligations under the merger agreement;
- approval of the merger agreement and the merger by RPM's stockholders;

- effectiveness of this proxy statement/prospectus;

- entry into a Registration Rights Agreement by each of LaBranche, George E. Robb, Jr. and Robert M. Murphy;

- the grant of all necessary governmental approvals;

- absence of any judgment, injunction, order or decree or provision of any law or regulation prohibiting the completion of the merger;

- entry into an escrow agreement by each of LaBranche, the escrow agent and George E. Robb, Jr. and Robert M. Murphy, as representatives of the RPM stockholders; and

- delivery of all additional required closing documents.

CONDITIONS THAT APPLY ONLY TO LABRANCHE. LaBranche will not have an obligation to complete the merger unless additional conditions are also satisfied, including the following:

- absence of any material adverse change in the financial condition, business or results of operations of RPM;

- receipt by LaBranche of a closing opinion of RPM's counsel reasonably satisfactory to LaBranche;

- entry by each of the RPM stockholders into a stockholder agreement with LaBranche;

- entry by each existing holder of RPM options of RPM into an amendment of his option agreement with RPM;

- approval of the adoption of the RPM Deferred Compensation Plan by the holders of more than 75% of the outstanding shares of common stock of RPM entitled to vote;

- repayment by RPM of certain of its outstanding indebtedness;

- RPM's specialist corporation having net liquid assets of at least $65 million as of the closing date;

- RPM's adjusted net book value being at least $85 million as of the closing date;

- ownership as of the closing date by RPM and its subsidiaries of at least 11 NYSE memberships and entry by LaBranche into amended NYSE A-B-C agreements with respect to each of those memberships and amended and restated lease agreements and use and proceeds agreements with respect to the other NYSE memberships used by RPM employees;

- delivery by RPM to LaBranche of an affidavit that it is not a "United States real property holding corporation" under the Internal Revenue Code;

- surrender of RPM stock certificates by each of the RPM stockholders;

- receipt by LaBranche of a certificate of the Chief Executive Officer of RPM as to the termination of RPM's supplemental executive retirement plans and the adoption of an amendment to cease benefit accruals under its Pension Plan;

- receipt by RPM of or waiver by LaBranche as a condition to closing of, all consents of the other parties to material contracts;

- redemption by RPM of all its outstanding shares of preferred stock prior to the closing date;

- RPM's disposal of its entire interest in Remco prior to the closing date;

- entry by each of the existing holders of RPM options into an indemnification agreement with LaBranche;

- waiver by each of the RPM stockholders of his dissenter's rights in connection with the merger; and

- receipt by LaBranche of a letter from certain affiliates of RPM agreeing to certain transfer restrictions on the shares of LaBranche stock to be received by them in the merger.

CONDITIONS THAT APPLY ONLY TO RPM. RPM will not have an obligation to complete the merger unless additional conditions are also satisfied, including the following:

- receipt by RPM of a closing opinion of LaBranche's counsel reasonably satisfactory to RPM;

- appointment of Robert M. Murphy as Chief Executive Officer of LaBranche's specialist subsidiary, LaBranche & Co. LLC;

- appointment of George E. Robb, Jr. and Robert M. Murphy as Class II and Class I directors of LaBranche, respectively;

- LaBranche's filing with the Secretary of State of Delaware of a certificate of designations for the Series A preferred stock to be distributed to RPM stockholders as part of the merger consideration; and

- receipt by RPM of an opinion from its tax counsel that the merger will be treated as a "reorganization" for U.S. federal income tax purposes.

Because of these conditions, even if the RPM stockholders approve the merger, the merger may not occur.

AMENDMENTS AND WAIVERS

The merger agreement may be amended by a written amendment executed by RPM and LaBranche. After the RPM stockholders have approved the merger, however, no party to the merger agreement may amend the merger agreement in a way that would require stockholder approval without getting such approval.

TERMINATION OF THE MERGER AGREEMENT

The merger agreement may be terminated at any time prior to the effective time, whether before or after the approval by the RPM stockholders:

- by mutual written consent of RPM and LaBranche;

- by LaBranche, if it has not breached any of its material obligations under the merger agreement and either (1) RPM has materially breached and failed to cure within 15 days any of its representations, warranties and covenants under the merger agreement, or (2) the closing of the

merger has not occurred by June 30, 2001 by reason of the failure of any conditions precedent to LaBranche's obligation to complete the merger;

- by RPM, if it has not breached any of its material obligations under the merger agreement and either (1) LaBranche has materially breached and failed to cure within 15 days any of its representations, warranties and covenants under the merger agreement, or (2) the closing of the merger has not occurred by June 30, 2001 by reason of the failure of any conditions precedent to RPM's obligation to complete the merger;

- by LaBranche, if

  - the RPM stockholders' special meeting has not occurred within 25 calendar days after this proxy statement/prospectus has been declared effective by the SEC and copies of the final proxy statement/prospectus have been delivered to RPM to allow it to provide for its distribution to its stockholders (which 25 calendar day period may be extended to 25 business days to allow for compliance with applicable law); or

  - at the RPM stockholders' special meeting, the requisite vote of the RPM stockholders to approve the merger is not obtained;

- by RPM, if the volume-weighted average sales price of LaBranche's common stock for any five consecutive trading days before the closing is less than $15.00 per share.

- by LaBranche, if the volume-weighted average sales price of LaBranche's common stock for any 20 consecutive trading days before the closing is more than $38.00 per share.

TERMINATION FEE

If the merger agreement is terminated by LaBranche because the RPM stockholders' special meeting has not occurred within 25 calendar days, subject to extension to 25 business days to allow for compliance with applicable law, after the registration statement containing this proxy statement/ prospectus has become effective and copies of the final prospectus have been delivered to RPM to allow it to provide for distribution to its stockholders, or if the RPM stockholders do not approve the merger at the RPM stockholders' special meeting, RPM will be required to pay to LaBranche a fee of $10.0 million.

DEFERRED COMPENSATION PLAN

At the effective time of the merger, LaBranche will succeed to RPM's liabilities and obligations under the RPM Deferred Compensation Plan. The RPM Deferred Compensation Plan has been approved by the required number of RPM stockholders who are "disinterested" persons within the meaning of Section 280G of the Internal Revenue Code. The RPM Deferred Compensation Plan provides for the payment, on or before the date that is 81 months after the closing of the merger, of about $30.2 million, plus interest at 8%, to the RPM option holders. While the payment of benefits under the RPM Deferred Compensation Plan may be accelerated in certain circumstances, no more than $6.0 million in deferred compensation benefits (including interest) may be paid in any 12 consecutive month period. The circumstances under which payment of benefits under the RPM deferred compensation plan may be accelerated are:

- Upon direction of the RPM Deferred Compensation Plan committee to accelerate payment to any or all participants;

- If a participant's employment is terminated for any reason other than death, payment of the deferred compensation may, in the sole discretion of the RPM Deferred Compensation Plan committee, be accelerated; and

- If a participant dies before receiving the total amount of his benefits, his beneficiary will be paid in a lump sum within 30 days after his death.

If the RPM Deferred Compensation Plan is terminated, the deferred compensation benefits (including interest) of all participants, to the extent not previously paid, must be distributed to the participants in a lump sum. The benefits payable to the participants in the RPM Deferred Compensation Plan may be used to satisfy the RPM option holders' indemnification obligations in the merger agreement and their indemnification agreement with LaBranche.

RETENTION BONUS POOL

At the effective time of the merger, LaBranche will succeed to RPM's liabilities and obligations under RPM's retention bonus pool. The retention bonus pool has been approved by the required number of RPM stockholders who are "disinterested" persons within the meaning of Section 280G of the Internal Revenue Code. The RPM retention bonus pool requires $9.0 million to be payable as bonus compensation on the third anniversary of the closing date of the merger to as many as 31 employees of RPM who become employees of LaBranche. The portion of this retention bonus pool payable to each of these employees will be determined by majority vote of a committee of LaBranche's board of directors consisting of Robert M. Murphy, George E. Robb, Jr. and Michael LaBranche or their respective successors. If any of these employees' employment with LaBranche or any of its subsidiaries terminates for "cause" or by reason of the employee's voluntary termination of his employment for reasons other than "good reason," as these terms are defined in the merger agreement, such employee will no longer be eligible to participate in the retention bonus pool. No payment out of the retention bonus pool may be made if LaBranche is not current in its payments of dividends on the outstanding shares of LaBranche Series A preferred stock.

REGISTRATION RIGHTS AGREEMENTS

As a condition to the closing of the merger, LaBranche will enter into a registration rights agreement with George E. Robb, Jr., RPM's President, and Robert M. Murphy, RPM's Executive Vice President. Pursuant to the registration rights agreement, Messrs. Robb, Jr. and Murphy will have the right to request that LaBranche register all or a portion of the shares of LaBranche common stock that they hold for public resale. The registration rights agreement also provides that, if LaBranche determines to conduct a public offering of its stock, either for its own account or for the account of any of its other stockholders, LaBranche will offer Messrs. Robb, Jr. and Murphy the opportunity to include all or a portion of their shares of LaBranche common stock in that registration statement. Under the registration rights agreement, LaBranche will be required to pay all expenses of Messrs. Robb, Jr. and Murphy in any registration effected under the agreement.

LaBranche will be entitled to suspend trading under any registration statement effected under the registration rights agreement until the registration statement is corrected if, in the reasonable judgment of LaBranche, any event has occurred that would make the information contained in that registration statement materially misleading. This suspension right, however, cannot be exercised by LaBranche for more than a total of 180 days during any twelve-month period.

STOCK OPTIONS

Each outstanding option to purchase shares of RPM common stock has been amended to provide that such option become immediately vested and converted into

an option to acquire shares of LaBranche common stock at the effective time of the merger. The option amendments have been approved by the required number of RPM stockholders who are "disinterested" persons within the meaning of Section 280G of the Internal Revenue Code. As so amended, an option to purchase shares of RPM common stock will become exercisable for the number of shares of LaBranche common stock equal to the product of:

- the number of shares of RPM common stock subject to the original RPM stock option; and

- 98.778.

The exercise price per share of LaBranche common stock underlying each amended option will be equal to the price obtained by dividing:

- the exercise price per share of RPM common stock subject to the original RPM stock option; by

- 98.778.

LaBranche has agreed to file a registration statement on Form S-8 with respect to the shares underlying the assumed stock options not later than ten business days following the closing of the merger.

DISPOSITION OF REAL ESTATE MANAGEMENT OPERATIONS

A condition to LaBranche's obligation to complete the merger is the disposition by RPM of its subsidiary, ROBB PECK McCOOEY Real Estate Management Corp., or "Remco," to George E. Robb, Jr. Mr. Robb, Jr. is the President and controlling stockholder of RPM. Remco engages in real estate management activities and, through its subsidiaries, owns real property. The real estate held through Remco and the associated real estate management activities are unrelated to the business and operations of RPM. LaBranche does not desire to assume the business conducted by Remco and is requiring that RPM dispose of Remco prior to the consummation of the merger. RPM's interest in Remco will be transferred to Mr. Robb, Jr. as consideration for Mr. Robb, Jr.'s relinquishment of his controlling interest in RPM. It is currently contemplated that this disposition and transfer to Mr. Robb, Jr. will be effected through a series of mergers of Remco and Remco's subsidiaries into a newly created limited liability company controlled by Mr. Robb, Jr. in which Mitchell Low, President of Remco, will have a limited participation interest. As of December 31, 2000, Remco and its subsidiaries had a recorded net book value of about $7.3 million.

STOCK TRANSFER RESTRICTION AGREEMENTS WITH RESPECT TO LABRANCHE SERIES A PREFERRED STOCK

In connection with the merger and as a condition to LaBranche's obligations under the merger agreement, all of the RPM stockholders must enter into stockholder agreements with LaBranche pursuant to which they will agree not to sell or otherwise dispose of the shares of LaBranche Series A preferred stock they will receive in the merger without the prior written consent of LaBranche, except in certain limited circumstances. The following transfers do not require prior written consent:

- a transfer upon death to the RPM stockholder's heirs, executors or administrators or to an inter vivos trust for the benefit of a spouse or lineal descendant;

- a transfer to any organization to which contributions by the RPM stockholder are deductible for federal income, estate or gift tax

purposes, provided that the RPM stockholder is a trustee or member of the board of directors or other governing body having the ultimate authority to vote, dispose, or direct the voting or disposition of, the shares of LaBranche Series A preferred stock;

- a transfer to a corporation of which a majority of the outstanding shares of capital stock entitled to vote for the election of directors is beneficially owned by the RPM stockholder; or

- a pledge or encumbrance in favor of institutional lenders or other financial institutions other than to a business enterprise that operates or engages in specialist activities or owns, manages or controls any entity that operates or engages in specialist activities.

If any of the first three types of these transactions occur, the transferee must agree to the same transfer restrictions set forth above. If the fourth transaction above occurs, the pledgee must agree to the placement on his securities of a restrictive legend on its certificate stating that the shares

represented by the certificate cannot be sold or otherwise transferred without first being offered to LaBranche.

AMENDMENT OF RPM PENSION PLAN

Pursuant to the merger agreement, RPM has agreed to amend the RPM pension plan, and to take such actions as are reasonably necessary under Section 204(h) of ERISA or other applicable law to terminate any and all future benefit accruals under the RPM pension plan. It is expected that LaBranche will terminate the RPM pension plan after the consummation of the merger.

BASE COMPENSATION AND OTHER BENEFITS TO FORMER RPM EMPLOYEES

LaBranche has agreed in the merger agreement to provide to the employees of RPM who become employees of LaBranche or any of its subsidiaries after the merger base compensation and employee benefits, including health and welfare benefits, life insurance and vacation, on terms and conditions that are no less favorable than the base compensation and employee benefits provided to similarly situated employees of LaBranche or such subsidiary.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF LABRANCHE

The selected historical consolidated financial data of LaBranche set forth below for the years ended December 31, 1997, 1998 and 1999 have been derived from LaBranche's consolidated financial statements, which have been audited by Arthur Andersen LLP, independent public accountants, and are included elsewhere in this proxy statement/prospectus. The selected historical consolidated financial data set forth below for the years ended December 31, 1995 and 1996 have been derived from LaBranche's consolidated financial statements, which have been audited by Arthur Andersen LLP, independent public accountants, but are not included elsewhere in this proxy statement/prospectus. The selected historical consolidated financial data for the nine months ended September 30, 1999 and 2000 were derived from LaBranche's unaudited financial statements included in this proxy statement/ prospectus. LaBranche's management believes that the unaudited historical financial statements contain all adjustments needed to present fairly the information contained in those statements, and the adjustments made consist only of normal recurring adjustments. The selected historical consolidated financial data of LaBranche set forth below should be read in conjunction with the consolidated financial statements and related notes

thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations of LaBranche," which are included elsewhere in this proxy statement/prospectus.

	YEAR ENDED DECEMBER 31,				
	1995	1996	1997	1998	
			(IN THOUSANDS, EXCEPT OTHE		
STATEMENT OF OPERATIONS DATA:					
Revenues:					
Net gain on principal transactions	$26,290	$37,113	$47,817	$ 95,048	$1
Commissions	7,736	10,180	15,186	26,576	
Other	3,147	2,643	4,637	4,787	
Total revenues	$37,173	$49,936	$67,640	$126,411	$2
Income before managing directors' compensation, limited partners' interest in earnings of subsidiary and provision for income taxes	26,254	32,783	47,732	91,635	1
Net Income	$ 1,134	$(1,692)	$ 1,489	$ 2,660	$
Diluted earnings per share			$ 0.14	$ 0.11	$
OTHER DATA:					
Number of our common stock listings	125	132	202	284	
Total share volume on the NYSE of our specialist stocks (in billions)	4.0	5.6	10.9	20.0	
Total dollar volume on the NYSE of our specialist stocks (in billions)	133.3	201.4	476.7	950.4	1
NYSE average daily trading share volume (in millions)	346.1	412.0	526.9	673.6	
Ratio of earnings to fixed charges(1)	32.8x	20.0x	10.7x	9.0	

	AS OF DECEMBER 31,				
	1995	1996	1997	1998	
			(IN THOUSANDS)		
BALANCE SHEET DATA:					
Cash and short term investments	$ 8,971	$ 16,479	$ 17,989	$ 25,822	$
Working capital	32,855	27,694	62,562	104,250	
Total assets	65,177	78,918	157,754	272,201	
Total long-term indebtedness(2)	1,150	2,919	31,423	48,073	
Members' capital/stockholders' equity	18,270	13,735	37,658	77,093	

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(1) For purposes of this ratio, earnings represent pre-tax income from 1995 to

1998 plus limited partners' interest in earnings of subsidiary and fixed charges. Fixed charges represent interest expensed as well as amortized premiums, discounts and capitalized expenses related to indebtedness.

(2) Excludes subordinated liabilities related to contributed exchange memberships.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF RPM

The selected historical consolidated financial data (other than Other Data) of RPM set forth below for the years ended April 24, 1998, April 30, 1999 and April 28, 2000 have been derived from RPM's consolidated financial statements, which have been audited by PricewaterhouseCoopers LLP, independent accountants, and are included elsewhere (other than the balance sheet data as of April 24, 1998) in this proxy statement/prospectus. The selected historical consolidated financial data set forth below for the years ended April 26, 1996 and April 25, 1997 and the balance sheet data as of April 24, 1998 have been derived from RPM's consolidated financial statements, audited by PricewaterhouseCoopers LLP, independent accountants, but are not included elsewhere in this proxy statement/prospectus. The selected historical consolidated financial data for the six months ended October 29, 1999 and October 27, 2000 were derived from the unaudited financial statements included in this proxy statement/prospectus. RPM's management believes that the unaudited historical financial statements contain all adjustments needed to present fairly the information contained in those statements, and the adjustments made consist only of normal recurring adjustments. The selected historical consolidated financial data of RPM set forth below should be read in conjunction with the consolidated financial statements and related notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations of RPM," which are included elsewhere in this proxy statement/prospectus. RPM's fiscal year ends on the last Friday of each April, and RPM's first, second and third fiscal quarters end on the last Friday of each July, October and January, respectively.

	YEAR ENDED APRIL,					SIX MONT OCTO
	1996	1997	1998	1999	2000	1999
	(IN THOUSANDS, EXCEPT OTHER DATA)					
INCOME STATEMENT DATA:						
Revenues:						
Trading and investment gains, net	$ 31,394	$ 38,020	$ 75,155	$ 76,344	$ 44,124	$ 26,431
Floor brokerage	16,332	18,126	22,662	25,067	24,786	11,958
Clearance fees and commissions	16,173	17,433	17,281	15,456	18,873	7,948
Other	5,522	5,730	8,614	8,928	13,952	6,026
Total revenues	$ 69,421	$ 79,309	$123,712	$125,795	$101,735	$ 52,363
Income before provision for income taxes	$ 16,273	$ 18,589	$ 46,697	$ 37,859	$ 27,753	$ 15,191
Net income	8,591	9,877	24,983	20,259	14,726	7,971
BALANCE SHEET DATA:						
Total assets	$153,464	$150,634	$249,517	$283,236	$293,785	$321,983

Long-term borrowings.....	11,563	10,455	5,750	27,634	37,534	25,006
Redeemable preferred stock.....	2,844	2,844	2,844	2,664	2,664	2,664
OTHER DATA:						
Number of RPM's common stock listings.....	73	84	100	117	125	121

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF LABRANCHE

YOU SHOULD READ THE FOLLOWING DISCUSSION OF LABRANCHE'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS TOGETHER WITH THE FINANCIAL STATEMENTS AND THE NOTES TO SUCH STATEMENTS INCLUDED ELSEWHERE IN THIS PROXY STATEMENT/PROSPECTUS. THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS BASED ON LABRANCHE'S CURRENT EXPECTATIONS, ASSUMPTIONS, ESTIMATES AND PROJECTIONS ABOUT LABRANCHE AND LABRANCHE'S INDUSTRY. THESE FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES. LABRANCHE'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS, AS MORE FULLY DESCRIBED IN THE "RISK FACTORS" SECTION AND ELSEWHERE IN THIS PROXY STATEMENT/PROSPECTUS. LABRANCHE UNDERTAKES NO OBLIGATION TO UPDATE PUBLICLY ANY FORWARD-LOOKING STATEMENTS FOR ANY REASON, EVEN IF NEW INFORMATION BECOMES AVAILABLE OR OTHER EVENTS OCCUR IN THE FUTURE.

OVERVIEW

Organized in 1999 in connection with the reorganization of LaBranche & Co. from partnership to corporate form and the related initial public offering of our common stock, we are the sole member of LaBranche & Co. LLC and the sole stockholder of Henderson Brothers, Inc. Our subsidiary LaBranche & Co. LLC, is one of the oldest and largest specialist firms on the New York Stock Exchange, Inc. Our Henderson Brothers subsidiary acts as a clearing broker for customers of several introducing brokers and provides direct access floor brokerage services to institutional customers. Our business has grown considerably during the past five years. We have accomplished this growth both internally and through selective acquisitions. Our revenues increased from $37.2 million in 1995 to $344.8 million in 2000, representing a compound annual growth rate of 56.1%. During the same period, we increased the number of our common stock listings from 125 to 386.

REVENUES

Our revenues consist primarily of net gains earned from principal transactions in securities for which we act as specialist, and commissions revenue earned from specialist activities. Net gain on principal transactions represents trading gains net of trading losses and transaction fees, and is earned by us when we act as principal buying and selling our specialist stocks. These revenues are primarily affected by changes in share volume and fluctuations in the prices of our specialist stocks. Share volume for our specialist stocks has historically been driven by general trends in NYSE trading volume, as well as factors particularly affecting our listed companies, including increased merger and acquisition activity, stock splits, greater frequency of company news releases (i.e., earnings guidance and reports), heightened research analyst coverage and investor sentiment. Commissions revenue consists of commissions we earn when acting as agent to match buyers and sellers for limit orders executed by us on behalf of brokers after a specified period of time; we do not earn commissions when we match market orders. Commission revenue is primarily affected by share volume of the trades executed by us as agent. Other revenue consists of proprietary trading revenue, income from an investment in a hedge fund and interest income earned on short-term investments. For the

nine months ended September 30, 2000, net gain on principal transactions represented 82.1% of our total revenues, commission revenue represented 13.1% of our total revenues, and other revenues represented 4.8% of our total revenues.

EXPENSES

Our largest operating expense is compensation and benefits. Employee compensation and benefits primarily consist of salaries and wages and profitability-based compensation. Profitability-based compensation includes compensation and benefits paid to managing directors, trading professionals and other employees based on our profitability and the employee's overall performance.

ACQUISITIONS COMPLETED DURING 2000

On March 2, 2000, we completed the acquisition of all of the outstanding stock of Henderson Brothers, Inc. for about $228.4 million in cash. In addition, on March 9, 2000, we acquired Webco Securities, Inc. through a merger for 2.8 million shares of our common stock, $11.0 million in cash and senior promissory notes in the aggregate principal amount of $3.0 million, each bearing an interest rate of 10% per annum. These acquisitions were accounted for under the purchase method of accounting and the excess of cost over estimated fair value of the net assets acquired of $204.9 million for Henderson Brothers and $28.8 million for Webco was allocated to intangible assets. The results of specialist operations of each of these acquired companies are included in our consolidated financial statements beginning on the date of completion of its acquisition.

PENDING ACQUISITION

We have entered into a merger agreement to acquire RPM for an aggregate of approximately 6.9 million shares of our common stock and shares of nonconvertible preferred stock having an aggregate face value of approximately $100.0 million and an estimated fair value of approximately $89.1 million. In addition, all obligations under RPM's outstanding option agreements with employees will be assumed, whereby each option to purchase RPM common stock will be replaced with an immediately exercisable option to purchase 98.778 shares of our common stock. The purchase price is estimated to approximate $439.3 million, the majority of which will be allocated to intangible assets.

NINE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1999

REVENUES

Total revenues increased 70.6% to $247.5 million for the nine months ended September 30, 2000, from $145.1 million for the same period in 1999, principally due to the increase in revenue from net gain on principal transactions. Net gain on principal transactions increased 85.6% to $203.2 million for the nine months ended September 30, 2000, from $109.5 million for the same period in 1999. This increase was primarily due to the Henderson Brothers and Webco acquisitions in March 2000, as a result of which we became the specialist for 147 additional common stock listings, as well as increased share volume in principal trading in our specialist stocks traded on the NYSE. Our share volume as principal increased 103.1% to 13.2 billion shares for the nine months ended September 30, 2000, from 6.5 billion shares for the same period in 1999.

Commission revenue increased 21.3% to $32.4 million for the nine months ended September 30, 2000, from $26.7 million for the same period in 1999. This increase was primarily due to the increase in the number of our common stock

listings as a result of the Henderson Brothers and Webco acquisitions and to increased share volume in our specialist stocks traded on the NYSE in which we acted as agent. The share volume executed by us as agent in our specialist stocks increased 41.4% to 4.1 billion shares for the nine months ended September 30, 2000, from 2.9 billion shares for the same period in 1999.

Other revenue increased 34.8% to $12.0 million for the nine months ended September 30, 2000, from $8.9 million for the same period in 1999. This increase was primarily due to an increase in our interest income and the additional income generated by Henderson Brothers, which was also offset by a decrease in our proprietary trading revenues and other investments.

EXPENSES

Total expenses before managing directors' compensation and limited partners' interest in earnings of subsidiary and provision for income taxes increased 216.2% to $127.1 million for the nine months ended September 30, 2000 from $40.2 million for the same period in 1999.

Employee compensation and related benefits increased 238.9% to $64.4 million for the nine months ended September 30, 2000, from $19.0 million for the same period in 1999. This increase was primarily due to the inclusion of managing directors' salary, incentive-based compensation and related benefits in employee compensation subsequent to our reorganization, and due to the Henderson Brothers and Webco acquisitions that resulted in our employment of 97 additional individuals as of the respective acquisition dates. As a percentage of total revenues, employee compensation increased to 26.0% of total revenues for the nine months ended September 30, 2000, from 13.1% of total revenues for the same period in 1999.

Interest expense increased 564.4% to $29.9 million for the nine months ended September 30, 2000, from $4.5 million for the same period in 1999. This increase was primarily due to the issuance, in connection with the Henderson Brothers and Webco acquisitions, of $250.0 million of indebtedness that began accruing interest on March 2, 2000. In addition, the increase was due to the issuance of $116.4 million of indebtedness, in connection with our reorganization, that began accruing interest from August 24, 1999. As a percentage of total revenues, interest increased to 12.1% of total revenues for the nine months ended September 30, 2000, from 3.1% of total revenues for the same period in 1999.

Depreciation and amortization of intangibles expense increased 327.6% to $12.4 million for the nine months ended September 30, 2000, from $2.9 million for the same period in 1999.

Amortization of intangibles increased as a result of the $233.7 million of intangible assets recorded as a result of our acquisition of Henderson Brothers and Webco. In addition, the increase was due to the $127.4 of intangible assets recorded as a result of our acquisition of all the limited partner interests in LaBranche & Co. in connection with our reorganization transactions. As a percentage of total revenues, depreciation and amortization of intangibles increased to 5.0% of total revenues for the nine months ended September 30, 2000, from 2.0% of total revenues for the same period in 1999.

Lease of exchange memberships expense increased 28.6% to $8.1 million for the nine months ended September 30, 2000, from $6.3 million for the same period in 1999. This increase was due to the increase in the number of leased memberships from 44 to 48, and was also due to an increase in the average annual leasing cost of a membership from about $192,000 to $276,000.

Exchange, clearing and brokerage fees consist primarily of fees paid by us

as a specialist to the NYSE and to clearing houses. Fees paid by us to the NYSE primarily include fees based on the volume of transactions executed as principal and as agent, as well as a flat annual fee. Exchange, clearing and brokerage fees expense increased 24.1% to $3.6 million for the nine months ended September 30, 2000, from $2.9 million during the same period in 1999. This increase was primarily due to the increased trading volumes as a result of the Henderson Brothers and Webco acquisitions.

Other expenses increased 87.0% to $8.6 million for the nine months ended September 30, 2000, from $4.6 million for the same period in 1999. This increase was primarily the result of increased legal and filing fees associated with various filings and acquisitions, additional fees incurred in connection with the increase and extension of our line-of-credit with a U.S. commercial bank, increased charitable contributions, as well as an increase in advertising and promotional costs.

INCOME BEFORE MANAGING DIRECTORS' COMPENSATION, LIMITED PARTNERS' EARNINGS IN INTEREST OF SUBSIDIARY AND PROVISION FOR INCOME TAXES

Income before managing directors' compensation and limited partners' interest in earnings of subsidiary and before provision for income taxes increased 14.8% to $120.4 million for the nine months ended September 30, 2000, from $104.9 million for the same period in 1999. This increase was primarily due to the additional revenues generated by the Henderson Brothers and Webco acquisitions which was offset by the inclusion of managing directors' salary and incentive based compensation in

employee compensation and related benefits and the additional interest and amortization of intangibles expense as a result of the reorganization and acquisitions.

INCOME TAXES

Provision for income taxes increased 514.1% to $60.8 million for the nine months ended September 30, 2000, from $9.9 million for the same period in 1999, as a result of the federal, state and local income taxes to which we are subject as a result of our reorganization from partnership to corporate form, a significant increase in nondeductible amortization of intangibles and our increased profitability.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

REVENUES

Total revenues increased 59.0% to $201.0 million for 1999, from $126.4 million for 1998, principally due to the increase in revenue from net gain on principal transactions. Net gain on principal transactions increased 58.9% to $151.0 million for 1999, from $95.0 million for 1998. This increase was primarily due to an increase in share volume for our specialist stocks traded on the NYSE. This increase, in turn, was primarily due to the Fowler, Rosenau acquisition on July 1, 1998 under which we became the specialist for 76 additional common stock listings, and to increased share volume as principal in our existing specialist stocks traded on the NYSE. Our share volume as principal increased 62.7% to 9.6 billion shares for 1999, from 5.9 billion shares for 1998.

Commission revenue increased 39.8% to $37.2 million for 1999 from $26.6 million for 1998. This increase was due to an increase in share volume in which we acted as agent. This increase, in turn, was primarily due to the increase in the number of our common stock listings as a result of the Fowler,

Rosenau acquisition on July 1, 1998 and to increased share volume in our existing specialist stocks traded on the NYSE. The share volume executed by us as agent in our specialist stocks increased 41.4% to 4.1 billion shares for 1999, from 2.9 billion shares for 1998.

Other revenue increased 166.7% to $12.8 million for 1999, from $4.8 million for 1998. This increase was primarily due to net gains in proprietary trading of non-specialist securities and realized gains from a limited partnership investment in a hedge fund.

EXPENSES

Total expenses before managing directors' compensation and limited partners' interest in earnings of subsidiary and provision for income taxes increased 91.4% to $66.6 million for 1999, from $34.8 million for 1998.

Employee compensation and related benefits increased 146.8% to $34.3 million for 1999, from $13.9 million for 1998. This increase was due to the Fowler, Rosenau acquisition on July 1, 1998, which resulted in our employment of 36 additional individuals, and to the inclusion of managing director salary, incentive-based bonus and related benefits in employee compensation from the date of our reorganization in August 1999. As a percentage of total revenues, employee compensation increased to 17.1% of total revenues for 1999, from 11.0% of total revenues for 1998.

Lease of exchange memberships expense increased 27.3% to $8.4 million for 1999, from $6.6 million for 1998. This increase was due to the increase in the number of leased memberships from 44 to 48, primarily as a result of the hiring of additional specialists and to an increase in the average annual leasing cost of the memberships from about $180,000 to $192,000 per membership. As a percentage of total revenues, lease of exchange membership expense decreased to 4.2% for 1999, from 5.2% for 1998.

Interest expense increased 130.6% to $8.3 million for 1999, from $3.6 million for 1998. This increase was primarily due to the issuance of $116.4 million of indebtedness that began accruing interest from August 24, 1999.

Amortization of intangibles increased 84.0% to $4.6 million for 1999, from $2.5 million for 1998. Amortization of intangibles increased as a result of the Fowler, Rosenau acquisition, as well as the $127.4 million of intangible assets recorded as a result of our acquisition of all of the limited partnership interests in LaBranche & Co. in connection with our reorganization transactions.

Exchange, clearing and brokerage fees consist primarily of fees paid by us as a specialist to the NYSE and to clearing houses. Fees paid by us to the NYSE include primarily fees based on the volume of transactions executed as principal and as agent, as well as a flat annual fee. Exchange, clearing and brokerage fees expense increased 27.6% to $3.7 million for 1999, from $2.9 million for 1998. This increase was primarily attributable to an increase in share volume.

Legal and professional fees increased 74.7% to $1.6 million for 1999, from $916,000 for 1998. This increase was primarily the result of increased legal and accounting fees due to our reorganization transactions.

Occupancy expense increased 27.3% to $1.4 million for 1999, from $1.1 million for 1998. This increase was primarily the result of the leasing of additional office space.

Communications expense increased 20.0% to $1.2 million for 1999, from

$1.0 million for 1998. This increase was primarily the result of additional telephone, data retrieval and informational services utilized due to the growth of our business.

Other expenses increased 30.4% to $3.0 million for 1999, from $2.3 million for 1998. The increase was primarily due to an increase in advertising and promotional expenses.

Income before managing directors' compensation and limited partners' interest in earnings of subsidiary and provision for income taxes increased 46.8% to $134.5 million for 1999, from $91.6 million for 1998.

Managing directors' compensation decreased 4.4% to $56.2 million for 1999, from $58.8 million for 1998 as a result of the inclusion of managing director salary, incentive-based bonus and related benefits in employee compensation from the date of our reorganization transactions.

Limited partners' interest in earnings of subsidiary decreased 3.8% to $25.3 million for 1999, from $26.3 million for 1998 as a result of our reorganization, at which time we acquired all of the limited partnership interests in LaBranche & Co.

Provision for income taxes increased 512.8% to $23.9 million for 1999, from $3.9 million for 1998 as a result of an increase in our profitability and the federal, state and local income taxes to which we are subject as a result of our reorganization from partnership to corporate form.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

REVENUES

Total revenues increased 87.0% to $126.4 million for 1998 from $67.6 million for 1997, due primarily to the increase in revenue from net gain on principal transactions. Net gain on principal transactions increased 98.8% to $95.0 million for 1998, from $47.8 million for 1997. This increase was primarily due to an increase in share volume. This increase in share volume, in turn, was primarily due to increased share volume as principal in our existing specialist stocks traded on the NYSE, and was also due to the increase in the number of our common stock listing due to the Fowler, Rosenau acquisition. Our share volume as principal increased 136.0% to 5.9 billion shares for 1998, from 2.5 billion shares for 1997.

Commission revenue increased 75.0% to $26.6 million for 1998 from $15.2 million for 1997. This increase was due to an increase in share volume in which we acted as agent. This increase, in turn, was primarily due to increased share volume in our existing specialist stocks traded on the NYSE, and was also due to the increase in the number of our common stock listings due to the Fowler, Rosenau acquisition. The share volume executed by us as agent in our specialist stocks increased 70.6% to 2.9 billion shares for 1998, from 1.7 billion shares for 1997.

Other revenue increased 4.2% to $4.8 million for the twelve months ended December 31, 1998, from $4.6 million for the same period in 1997. This increase was primarily due to net gains in proprietary trading of non-specialist securities.

EXPENSES

Total expenses before managing directors' compensation, limited partners' interest in earnings of subsidiary and unincorporated business taxes increased

74.9% to $34.8 million for 1998, from $19.9 million for 1997.

Employee compensation and related expenses increased 71.6% to $13.9 million for 1998, from $8.1 million for 1997. Our number of employees increased to 152 as of December 31, 1998, from 95 as of December 31, 1997, primarily due to the Fowler, Rosenau acquisition. As a percentage of total revenues, employee compensation decreased to 11.0% of total revenues for 1998, from 12.0% of total revenues for 1997. Severence expense was $0 in 1998 and $300,000 in 1997. We incurred severence expense during 1997 as a result of a subsequent change in the retirement package of one of our senior managing directors who retired in 1996.

Lease of exchange membership expense increased 78.4% to $6.6 million for 1998, from $3.7 million for 1997. This increase was due to the increase in the number of leased memberships from 32 to 44, resulting from the Fowler, Rosenau acquisition, and due to an increase in the average annual leasing cost of the memberships from about $150,000 to $180,000 per membership. As a percentage of total revenues, lease of exchange memberships expense decreased to 5.2% for 1998, from 5.5% for 1997.

Interest expense increased 125.0% to $3.6 million for 1998, from $1.6 million for 1997. This increase was primarily due to an increase in outstanding subordinated indebtedness to $48.1 million at December 31, 1998 from $31.4 million at December 31, 1997.

Exchange, clearing and brokerage fees expense increased 45.0% to $2.9 million for 1998, from $2.0 million for 1997. This increase was primarily attributable to an increase in share volume.

Amortization of intangibles increased 239.2% to $2.5 million for 1998, from $737,000 for 1997. Amortization of intangibles increased due to the Fowler, Rosenau acquisition. In addition, amortization of intangibles arising from the Ernst and Stern acquisitions was incurred for the full year of 1998 and was only incurred during the second half of 1997.

Occupancy expense increased 136.6% to $1.1 million for 1998, from $465,000 for 1997. This increase was primarily the result of the leasing of additional office space.

Communications expense increased 36.0% to $964,000 for 1998, from $709,000 for 1997. This increase was the result of additional telephone, data retrieval and informational services utilized due to the growth of our business.

Legal and professional fees increased 47.7% to $916,000 for 1998, from $620,000 for 1997. This increase was primarily the result of increased legal and accounting fees due to the Fowler, Rosenau acquisition and consulting services we obtained to comply with data processing testing required by the NYSE in anticipation of the acquisition.

Other expenses increased 43.8% to $2.3 million for 1998, from $1.6 million for 1997. This was the result of payments made to Fowler, Rosenau in 1998 under a profit sharing arrangement for trading in a specialist stock. This contractual arrangement was terminated when we acquired Fowler, Rosenau in July 1998.

Income before managing directors' compensation, limited partners' interest in earnings of subsidiary and unincorporated business taxes increased 92.0% to $91.6 million for 1998, from $47.7 million for 1997.

Managing directors' compensation increased 96.0% to $58.8 million for 1998, from $30.0 million for 1997 as a result of the increased profitability of the firm.

Unincorporated business tax expense increased 105.3% to $3.9 million in 1998, from $1.9 million for 1997 as a result of the increased profitability of the firm.

LIQUIDITY

Prior to our initial public offering of common stock and the concurrent offering of our 9 1/2% senior notes, we had financed our business primarily through members' capital and the issuance of subordinated indebtedness. As of September 30, 2000, we had $932.2 million in assets, of which $224.6 million consisted of cash and short-term investments which primarily consist of commercial paper maturing within thirty days and overnight repurchase agreements. As of December 31, 1999, we had $505.1 million in assets, $109.2 million of which consisted of cash and short-term investments, which primarily consist of commercial paper maturing within seven days. As of December 31, 1998, we had $272.2 million in assets, $25.8 million of which consisted of cash and short-term investments.

In February 2000, we increased and extended our line-of-credit with a U.S. commercial bank to $200.0 million from $100.0 million and extended it again in January 2001 until February 1, 2002. Amounts outstandi