

# News Release

THE New York Stock  
Exchange

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## INTERMARKET TRADING SYSTEM TO BENEFIT INVESTORS AND COMPANIES, SAYS BATTEN

New York Stock Exchange Chairman William M. Batten told the State Bar Association today that the Intermarket Trading System (ITS), an emerging linkage of five competing but separate national stock exchanges, will offer substantial benefits to investors and listed corporations.

Mr. Batten said ITS, scheduled to go into operation on a pilot basis in April, "could serve as a key building block for a National Market System."

The initial participating marketplaces are the American, Boston, New York, Pacific and Philadelphia stock exchanges.

Mr. Batten said that ITS would:

. Give all investors a greater opportunity to obtain the best price available within the system for any stock at any time.

. Preserve and strengthen the integrity of the market mechanism and permit continuity of effective surveillance and regulation.

. Offer the prospect of greater liquidity and closer continuity of prices from sale to sale within the system as well as savings to investors that can result from narrower spreads between bids to buy and offers to sell in the marketplaces.

"ITS will help assure that buy and sell orders can flow, unimpeded, to the marketplace offering the most advantageous prices," he said. "The resulting interaction of orders will strengthen the trading mechanism, and we believe a better trading system will stimulate increased public interest and investment in corporate equities."

He added that "to the extent that ITS can lower the costs and improve the quality of trading in the secondary markets, it should strengthen the ability of listed companies to raise new equity capital for growth and expansion."

Mr. Batten addressed a luncheon meeting of the New York State Bar Association's Banking, Corporation and Business Law Section.

The Intermarket Trading System centers on an electronic communications linkage that will permit orders in listed stocks in any participating marketplace to interact almost instantaneously with orders in the same stocks in other markets

It consists of a central computer facility and a network of interconnected terminal devices and printers in

the participating market centers. ITS will operate in conjunction with quotation displays in each market center. These displays will show the current quote for each stock traded in that market, and either the current quotes in all other markets in the system or the best quote available systemwide.

A broker handling a customer's buy order in New York, for example, might find that a better offer is being made on the Pacific Stock Exchange in Los Angeles. If the broker decides to do so, he may send a commitment to Los Angeles to buy the stock at the price offered. When the commitment is accepted, the New York broker will receive a return message that the trade has taken place.

Mr. Batten said that while ITS is a very important step forward, it is not a revolutionary approach to a National Market System.

"ITS will not create a mysterious or intimidating 'black box' system where all trading might be poured into a single computer mold," Mr. Batten said. "On the contrary, ITS will use computer technology to support the exercise of human judgment in determining how a broad range of trading strategies can best be used to serve the individual needs and wishes of investors."