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April 20, 1978

Robert C. Hall
Executive Vice President
New York Stock Exchange, Inc.
11 Wall Street
New York, New York 10005

Dear Mr. Hall:

On April 14, 1978, the Commission issued a temporary order approving the implementation of an Intermarket Trading System ("ITS") by the American, Boston, New York, Pacific and Philadelphia Stock Exchanges. The order, a copy of which is enclosed, authorizes the participating market centers to proceed with a phased implementation of ITS, for a period not to exceed 120 days, pending solicitation of public comment and final consideration of the ITS plan under Section 11A(a)(3)(B) of the Exchange Act. The Commission has authorized the commencement of ITS operations on this temporary basis because it believes that the ITS may provide the foundation for an appropriate market linkage facility, which is an essential element of the Commission's national market system program.

In a separate action the Commission also issued a temporary exemptive order pursuant to Rule 17a-15(h) of the Exchange Act, a copy of which is enclosed, authorizing the Consolidated Tape Association ("CTA") and Securities Industry Automation Corporation ("SIAC") to disseminate last sale reports from ITS participants on moving ticker displays without identification of the market of execution. The order, which also will expire in 120 days, is conditioned upon removal of market identification on moving tickers for all market centers as soon as technically feasible. The exemptive order does not change the requirements of Rule 17a-15 with respect to last sale reports disseminated over high speed data transmission lines used to provide last sale data to vendors and press associations. Rule 17a-15 still requires that last sale reports disseminated over high speed lines be identified as to marketplace

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of execution although we understand that, until such time as the CTA and SIAC are capable of reporting transactions effected through the ITS in a manner indicating both participating markets, ITS transactions will be identified according to the market which has received the order for execution.

The Commission recognizes your efforts to implement a national market system and encourages you to continue to work with the other self-regulatory organizations and the Commission in our joint effort to achieve the objective of a national market system.

Sincerely,

Lloyd H. Feller
Associate Director

Enclosures

NARA CP
RG 266 UP-UP entry 1

Sub File 34-21

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