

**Boston
Stock
Exchange
Incorporated**

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Michael R. Lindburg
Vice-President and General Counsel

August 30, 1984

Michael Simon, Esq.
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

RE: No Action Request

Dear Mr. Simon:

We hereby request, under the circumstances set forth below, the issuance of a “no action” ruling regarding the obligations of specialist members of the Boston Stock Exchange, Incorporated (“BSE”) to secure membership in a securities association pursuant to Section 15(b)(8) of the Securities Exchange Act of 1934, as amended (the “Act”).

At the present time, many of the member specialists of the BSE are not members of a national securities association. Since all of their transactions are executed on the Floor of the BSE, membership in such an association is not required under Section 15(b)(8) of the Act.

The BSE has submitted a rule filing (SR-BSE-84-5) seeking to establish an electronic linkage between the Floor of the BSE and that of The Montreal Exchange. Under such an arrangement, members of The Montreal Exchange would direct orders to the Boston Stock Exchange via an existing electronic network. Initially, market orders coming from The Montreal Exchange would only be in the U.S.-listed Canadian national stocks. These orders would be called out to the specialists on the Boston Floor for execution.

Subsequently, the BSE and The Montreal Exchange anticipate linking The Montreal Exchange’s fully automated small order routing and execution system which they call MORRE to the Floor of the BSE. This system possesses many of the characteristics of the PACE, MAX and SCOREX systems. Boston specialists would submit to Montreal the issues in which they would be willing to make automated, guaranteed markets. MORRE terminals could be installed with employees on our Floor or with individual specialists. Montreal members would then direct orders into the Montreal MORRE system, which, in turn, would execute such against the Boston

Stock Exchange quotation. The execution would be immediate, and promptly after the execution, a report of execution would appear on the MORRE terminal on the Boston Floor.

As described above all trades will be executed on the Floor of the BSE and will be limited to trades between BSE member specialists and members of The Montreal Exchange. Under an agreement with The Montreal Exchange, it shall guarantee the trading obligations of its members.

Based upon the foregoing we hereby request that a determination be issued that, if implemented, no enforcement action shall be initiated or recommended requiring BSE member specialists to become members of a national securities exchange by virtue of the activity described herein.

Sincerely,

Michael R. Lindburg

MRL/lcd

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