

REPEAL OF EXCHANGE RULE 360
BLOCK AUTOMATION SYSTEM

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Board
Memorandum

THE New York Stock
Exchange

December 4, 1973

Summary Memorandum

REPEAL OF EXCHANGE RULE 360, BLOCK AUTOMATION SYSTEM

The Issue

To obtain final Board approval to repeal Exchange Rule 360 which governed the operation of the Block Automation System (BAS). The System ceased operations on December 31, 1973.

Background

In January 1970, the Board adopted Rule 360 (Exhibit A). The Rule provides the operational framework under which BAS subscribers--Exchange members and their institutional clients--utilized the System. The Rule is solely concerned with BAS.

Discussion

With the termination of BAS operations on December 31, 1973, it is appropriate to repeal Rule 360.

The Staff has discussed repeal of the Rule with the SEC, and the Commission has written that it will have no comment on this proposed action. (Exhibit B).

Recommendation

It is recommended that the Board give final approval to the repeal of Rule 360 and authorize the Staff to inform the SEC of that action.

BLOCK AUTOMATION SERVICES DEPARTMENT

Exhibit A – Rule 360

Exhibit B – SEC Letter Dated November 16, 1973

Exhibit C – Resolution for Adoption by the Board of Directors

Exhibit D – Draft Letter to SEC

[Rule 360. (a) Any member or member organization of the Exchange, and any non-member interested in purchasing and selling through any member or member organization blocks of securities, may, with the consent of the Exchange, subscribe to the Exchange's Block Automation System (BAS) by entering into an agreement with the Exchange, in such form and substance as the Exchange may from time to time approve.

(b) Each entry, intended for matching, into BAS shall be deemed to be eligible to be matched with any other such entry in BAS for the same security on the other side of the market, unless such entry is designated "AON" (meaning all or none), in which case the entry shall be eligible to be matched only with one or more entries in BAS for the same security specified in the "AON" entry. Each entry into BAS shall be deemed to be a day entry which, if not removed from BAS as the result of one or more matches or cancelled, shall expire at the end of the trading day on which it was entered.

(c) Except as may be otherwise determined by the Exchange as to particular days, BAS shall accept entries on every business day from one hour prior to the scheduled opening of trading on the Exchange until one hour after trading ends. Entries intended for matching in BAS shall be eligible for matching from the opening of trading on the Exchange until fifteen minutes prior to the scheduled close of trading.

(d) Each entry into BAS shall, so long as the entry remains in BAS represent a bona fide willingness to buy or sell, as the case may be, not less than the number of shares of stock, or principal amount of bonds indicated by the entry at or near the market price, as such price shall vary during such period as the entry remains in BAS. As it relates to stock, "at or near the market price" for the purposes of this rule shall mean at a price which is within two percent of the last sale price on the Floor of the Exchange; provided, however, that the Exchange may from time to time adopt a different interpretation of the term "at or near the market price" as it relates to stock, for purposes of BAS and this rule, for stocks generally, for any one or more types of stock, or for any one or more specific stock.

(e) Each stock entry in BAS shall be in units of 1,000 shares. No entry in BAS shall be made specifying less than a "block" of the stock specified in the entry. "Block," for purposes of this rule, shall mean the lesser of (i) 5,000 shares, or (ii) that number of shares, to the nearest 1,000, which when multiplied by the last closing price of such shares on the Exchange equals not less than \$200,000; provided, however, that the Exchange may from time to time adopt a different interpretation of the term "block" for purposes of BAS and this rule, for securities generally, for any one or more types of securities, or for any one or more specific securities.

(f) Priority of any entry intended for matching in BAS (whether or not designated "AON") with respect to any other such entry in BAS on the same side of the market and for the same security, shall be determined on the basis of the time of input and each such entry shall retain its respective priority so long as it remains in BAS, whether for all of the securities originally indicated in such entry or for any reduced amount of securities remaining after one or more matches. Notwithstanding the foregoing, an entry designated "AON" which cannot be matched within BAS will be bypassed until it can be matched. The number of entries on one side of the market which may be matched with one entry on the other side may be limited within BAS and any such limit may be changed from time to time for purposes of BAS generally.

(g) The Exchange shall maintain a list of securities, entries which shall be eligible for inclusion in BAS. This list may be changed from time to time as the Exchange may determine.]

EXHIBIT B

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
MARKET REGULATION

Nov 16 1973

Mr. James E. Buck, Secretary
New York Stock Exchange, Inc.
11 Wall Street
New York, New York 10005

Dear Mr. Buck:

This is in response to your undated letter received by our office on November 7, 1973 in which you informed us of your plan to propose the repeal of Rule 360. Although this is not submitted under Exchange Act Rule 17a-8, we have determined to treat it as though it were.

Rule 360 deals solely with the Block Automation System (BAS) which will be terminated on December 31, 1973.

We have no comment.

Sincerely,

Sheldon Rappaport
Associate Director

RESOLUTION PROPOSING REPEAL OF
RULE 360 WHICH GOVERNS
THE BLOCK AUTOMATION SYSTEM OPERATION
FOR ADOPTION BY THE BOARD OF DIRECTORS
ON JANUARY 3, 1974

WHEREAS, the Block Automation System (BAS) ceased operations on December 31, 1973; and

WHEREAS, Exchange Rule 360 is solely concerned with the operational framework under which subscribers to BAS utilized the System; and

WHEREAS, the Securities and Exchange Commission has determined to treat a letter from the Secretary concerning the Exchange's intent to repeal Rule 360 as a proper notification pursuant to its Exchange Act Rule 17a-8; and

WHEREAS, the Securities and Exchange Commission has stated that it has "no comment" on the proposal to repeal Rule 360;

THEREFORE, BE IT RESOLVED, that Rule 360, be, and the same hereby is, repealed; and it is

FURTHER RESOLVED, that the Secretary of the Exchange, be, and he hereby is, authorized and directed to notify the Securities and Exchange Commission that Rule 360 has been hereby repealed.

THE New York Stock
Exchange

James E. Buck
Secretary

Mr. Lee A. Pickard
Director
Division of Market Regulation
Securities and Exchange Commission
500 North Capitol Street, N.W.

Dear Mr. Pickard:

At its regular meeting held on January 3, 1974, the Board of Directors approved the repeal of Rule 360. The Rule concerns itself solely with the Block Automation System, which ceased operations on December 31, 1973.

We had previously written to you informing you of our desire to have the Board finally act on this repeal. On November 16, 1973, the Division of Market Regulation responded that you had treated our proposal as a submission pursuant to Exchange Act Rule 17a-8 and that you had no comment on the proposed action.

Sincerely,