



INTERMARKET TRADING SYSTEM

*Off Bond - General*

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NEWS RELEASE

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INTERMARKET TRADING SYSTEM

DEMONSTRATED AT SIA CONVENTION

BOCA RATON, Fla. -- An electronic system which would provide the capability for trading in listed stocks among the nation's stock exchanges and other market centers was demonstrated today at a national meeting of major organizations in the securities industry.

The Intermarket Trading System (ITS) would enable a broker representing a public customer or a market-maker trading for his own account to electronically reach from one exchange or market center into another to get a better price.

The initial participants in the system will be the American, Boston, New York, Pacific, and Philadelphia Stock Exchanges. Representatives of the five exchanges demonstrated the system here at the annual meeting of the Securities Industry Association.

NYSE Executive Vice President Robert C. Hall, a spokesman for the group, described ITS as a major step toward a National Market System as envisioned by Congress and said

it could be operational on a pilot basis by spring.

"The ITS linkage consists, essentially, of a central computer facility and a network of interconnected terminal devices in the participating market centers," Mr. Hall said.

The linkage contemplates a display of competitive quotations in each market center. These displays would show, in addition to the current quote for each eligible stock in that market center, either the current quotes in all other participating market centers or the best quote available systemwide.

A broker or market-maker in any market center would be able to exercise his own best judgment in determining, on the basis of current quotations, whether to execute a customer's order in the market center in which he is physically present or to seek an execution in another participating marketplace.

The broker or market-maker would scan the visual quotation display in his own market center to determine where the best bid or offer in the stock currently exists. If a better price were available in another market center, he would send a message to that market center committing himself to buy or sell at the price shown on the quotation display. If his commitment were accepted, he would receive a message telling him that the transaction has taken place.

Chairman Edward Wedbush of the Pacific Stock Exchange said that ITS provides a significant improvement over the present system of competing but unconnected markets by allowing a broker in one market to represent his customer's order in another market center thousands of miles away. And it affords a greater opportunity for all orders to interact and compete for the best price.

ITS also offers the potential for greater protection of limit orders than currently exists, he said, since a market-maker holding a limit order in one market center can reach into another market center to execute it if the limit price is available there.

In addition, the proposed system would continue the flexibility and broad range of trading strategies now available to investors. These strategies would not be available in a single electronic marketplace.

"The Intermarket Trading System is not, in itself, the National Market System," said Elkins Wetherill, President of the Philadelphia Stock Exchange. "It is, rather, a step in the right direction -- a very significant step forward. ITS employs the most modern computer technology to establish a sound basis for establishing the securities trading system of the future."