

November 14, 1972

Honorable William J. Casey
Chairman
Securities and Exchange Commission
Washington, D. C. 20549

Dear Mr. Chairman:

On November 2, the New York Stock Exchange announced that its Board of Directors had approved an \$8 million automation program designed to enable NYSE specialists to see quotations in other exchange markets. Chairman Needham of the NYSE stated that this automation program would equip the NYSE "to carry out the comprehensive proposal for exchange of competing bid-asked quotations that was advanced by the Board in September," and that it was "also consistent with the plans of the SEC for a composite stock ticker tape and a quotation system for listed stocks."

You will recall that, on October 5, the Commission testified before the Subcommittee on Securities that the proposal advanced by the NYSE for an exchange of quotations among exchanges, excluding the third market, was "contrary to the stated position of the Commission both in its statement of the future structure of the securities markets and earlier in its transmittal of the Institutional Investor report."

In light of these circumstances, I should appreciate your answers to the following questions:

1. Was the Commission notified of the new NYSE automation program prior to the time it was publicly announced?
2. Does the Commission have authority under present law to determine whether the NYSE should proceed to implement this program?
3. Does the Commission intend to make a determination as to whether:

Honorable William J. Casey
November 14, 1972
Page 2

- a. The proposed NYSE automation program is consistent with the criteria for a central market system set forth in the Commission's statement on market structure?
- b. The NYSE program duplicates other facilities for the dissemination of quotations, such as the NASDAQ system?

I should appreciate your prompt attention to these inquiries.

With every good wish, I am

Sincerely,

Harrison A. Williams, Jr.

cc: James J. Neadham