

BREED, ABBOTT & MORGAN

1 CHASE MANHATTAN PLAZA
NEW YORK, N. Y. 10005

TELEPHONE
(212) 944-4800

June 11, 1970

Irving M. Pollack, Director
Division of Trading and Markets
Securities and Exchange Commission
500 North Capitol Street
Washington, D. C. 20549

Dear Irv:

As per our telephone conversation this morning, enclosed is a copy of the Antitrust Division's inquiry addressed to NASD re: NASDAQ. I have this date talked to the Division and assured them that NASD would supply all the information called for.

I also indicated that, should they have any questions concerning NASDAQ apart from those that might be addressed to NASD, they might well communicate with your office. I shall keep you posted on NASD's reply.

Thank you, again, for your kindness.

Cordially,

Robert A. Bicks

RAB
Enclosure

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

WBC:CLW:SZG
60-211-0

June 4, 1970

Mr. Gordon S. Macklin, President
National Association of Securities
Dealers, Inc.
888 – 17th Street, N.W.
Washington, D. C. 20006

Dear Mr. Macklin:

We understand that the National Association of Securities Dealers has entered into a contract with Bunker-Ramo Corporation whereby the latter will build and operate an Automated Quotations Systems (NASDAQ) for over-the-counter securities. We understand further that NASDAQ will comprise computers, desk top terminals and a communications network of telephone lines for connecting the two; also that different levels of service and associated equipment will be provided by Bunker-Ramo under NASDAQ of which the computers and Levels 2 and 3 will be furnished exclusively by Bunker-Ramo.

This contract may raise questions under the antitrust laws and in order that we may properly evaluate the matter we ask for your cooperation in furnishing the following information on a voluntary basis:

1. Explanation of the background of NASDAQ and the needs and purposes it is designed to serve.
2. Copy of any invitation to bid for the construction and operation of NASDAQ solicited by NASD. If competitive bidding was not used by NASD, explain the method used.
3. The names and addresses of any bidders or companies with which NASD negotiated, other than Bunker-Ramo.
4. Explanation of the reasons why Bunker-Ramo was selected to build and operate NASDAQ.
5. Copy of the contract entered into by NASD and Bunker-Ramo.

6. Explanation of NASDAQ and the different levels of service which will be provided.
7. Explanation of the reasons why Bunker-Ramo is to be the exclusive supplier and operator of the computers and the exclusive supplier of Levels 2 and 3 service and associated desk top terminals, in contrast to Level 1, where Bunker-Ramo is not, as we understand it, the exclusive supplier.
8. Relationship of NASDAQ and the Securities Acts and any clearances granted by the SEC for NASDAQ.
9. Copies of memoranda, correspondence and other documents (a) passing between members, officials and employees of NASD, (b) passing between NASD and Bunker-Ramo, and (c) passing between NASD and other third parties, relating to (i) the NASDAQ System, (ii) the contract between NASD and Bunker-Ramo, and (iii) complaints by third parties as to any feature of said System or contract.
10. Any further information and materials by way of explanation or clarification of NASDAQ and Bunker-Ramo's exclusive position thereunder.

If the information requested in item 9 will take more than two weeks to compile, please transmit the other requested information without waiting for that covered by item 9.

Mr. Eugene Lipkowitz of my staff (RE 7-8200, Ext. 2523) is in charge of this matter and if you have any questions concerning the foregoing you may contact him.

Sincerely,

WALKER B. COMEGYS
Acting Assistant Attorney General
Antitrust Division

By: Samuel Z. Gordon
Assistant Chief, Special Trial Section