

# NEW YORK STOCK EXCHANGE NEWS BUREAU

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The New York Stock Exchange announced the start today of a live pilot test of the Specialist Electronic Book, a computerized display device to store investors' buy and sell orders that have been left with the specialist for execution.

"The new electronic book is an essential link to the 'locked-in' trade of the future," Exchange President Robert W. Haack said.

"It will bridge the electronic processing of an investor's order on the Exchange floor, and the electronic processing that will follow execution of his order," Mr. Haack said.

Mr. Haack said the experimental device is one of many innovations under development at the Exchange to meet demands of the coming decade. In this period 30 million share trading days are expected and traditional hand processing, with its attendant paperwork, will not serve the investin public, he said.

The Electronic Book, which has been under development more than two years, will be tested for about a year, and results of the test will aid in designing a full system to include all specialists. The full system will incorporate an electronic switching unit which will tie the communication lines of member firms to the specialist electronic books.

In this way, away-from-the-market round-lot orders can be sent directly to the specialist and execution reports automatically sent back to the originating firm through the switching unit. This is expected to be introduced in stages over the next several years.

The specialist is a member of the Exchange who is charged with maintaining a fair and orderly market in the stocks in which he is registered. He is expected to deal to a reasonable degree for his own account when other buyers or sellers are not in the market at a price close to the previous transaction.

He also keeps a record of orders from other brokers for purchases at prices below or sales above the current price and executes these orders when the stock reaches the specified price.

The Specialist Electronic Book will replace the looseleaf notebooks now used by approximately 360 specialists for maintaining a record of buy and sell orders given them by other brokers for execution. These notebooks list buy and sell orders in 1/8 point increments. Facing pages in the notebook contain buy orders on the left, and sell orders on the right. Each book may contain hundreds of orders involving many thousands of shares.

Specialist Peter Haas will use the electronic book initially. Williams Brothers Co. common, a moderately active stock, will be the first test stock in the system. Up to ten stocks will be handled in the pilot system.

Mr. Haas is a partner in the specialist firm of Benton & Co. Albert B. Tompane, a senior partner in the firm, is a Governor of the Exchange and chairman of the Board of

Governors' Electronic Book Committee which includes five other specialists and one commission broker.

Other specialists will use the system with the stocks they handle during the year of testing.

The new system is made up of three principal components:

-- The "Electronic Book" itself, which consists of a rectangular console with a special IBM display screen, much like a television screen, mounted flush with the top surface of the console. Information in the specialist's book can appear in several types of display formats, but the primary display used will show two columns, with buy orders on the left, and sell orders on the right. By simple button pushes the specialist can also receive displays of all trades that have taken place during the day, his current position in his stocks and a summary display which gives the total shares at each price in any stock. The console measures 24"x24"x43" high and is mounted on casters. It will be located on the outside rim of the trading post.

-- A terminal, produced by Data Trends, Inc., with a keyboard for use by the specialist's clerk to enter order and trade information. The terminal has programmed displays which enable the clerk to make entries within seconds.

-- A third-generation computer (IBM 360/25) located on the fourth floor of the Exchange from which stored information in the specialist's book is recalled on demand. In addition, the computer will also keep a running tally of the specialist's position in each of his stocks as he buys and sells for his own account.

A teletypewriter is also included in the system. It will automatically print out trade reports after brokers' orders have been executed by the specialists.

The computer will keep the system constantly up to date as new orders are entered and others are executed.

Special reports will be produced by the computer at the end of each trading day for specialists using the system, and the computer also will print out weekly trading and financial reports for the specialist.

The Exchange's Department of Operational Development and Planning, headed by Assistant Vice President Edward DeLaura, is in charge of the electronic book project.