



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
MARKET REGULATION

February 18, 1986

Ms. Consuela Washington
Counsel to House Committee
on Energy and Commerce
Room 2125 Rayburn Building
Washington, D.C. 20515

Dear Consuela:

During our recent conversation regarding the no-action letter issued to Security Pacific National Bank on its government bond options system, you requested information about the no-action letters the staff has issued to other over-the-counter automated trading systems. To date, the Division has issued six no-action letters in addition to the Security Pacific letter. A short description of each letter follows and copies of the letters (as well the requests for a no-action position) are attached.

1. B & K Securities, Inc. has an automated execution system for over-the-counter ("OTC") securities traded in NASDAQ ("Customer Order Protection System" or "COPS"). B & K Securities, Inc. is a registered broker-dealer. The no-action letter addresses the issue of exchange registration. Letter from Michael J. Simon, Assistant Director, SEC to Bruce C. Klein, Secretary-Treasurer, B & K Securities, Inc., March 18, 1985.
2. Transaction Services also has an automated execution system for trading NASDAQ securities ("TRAN system"). Transaction Services is a division of Gruntal, Inc, which is a registered broker-dealer. The no-action letter was granted with respect to exchange registration. Letter from Michael J. Simon to Michael J. Tario, Co-Chief Executive Officer, Transaction Services, May 15, 1985.
3. Exchange Services, Inc. has a system for executing agency trades in equity securities (both NASDAQ and listed securities) on behalf of its customers. The system is available only after normal operating hours and on weekends and holidays. Exchange Services is a registered broker-dealer. The no-action letter addresses the issue of exchange registration. Letter from Michael J. Simon to Patteson Branch, President, Exchange Services, May 22, 1985.
4. Troster Singer Corporation has an automated execution system ("INSide System") for trading NASDAQ issues. Troster Singer Corporation is a registered broker-

dealer. The no-action letter addresses the issue of exchange registration. Letter from Michael Simon to Carl H. Hewitt, Assistant General Counsel, Troster Singer Corporation, May 23, 1985.

5. The National Partnership Exchange ("NAPEX") is an electronic information system that will enable subscribers to buy and sell units of publicly registered limited partnerships. NAPEX is not registered as a broker-dealer; however, all NAPEX subscribers will be either registered broker-dealers or their registered representatives. */ The no-action letter addresses the issue of registration as an exchange, a broker-dealer, a securities information processor, a clearing agency and a transfer agent. Letter from Michael Simon to D. Roger Glenn, Schifino & Fleischer, August 2, 1985.
6. Robert L. Adler & Co. has a Municipal Bond Trading System ("System") that will facilitate secondary market trading in municipal bonds. (The system may allow other exempted securities to be traded through it at some future date.) Adler is neither a registered broker-dealer nor a registered municipal securities dealer in that Adler limits himself to acting as a broker in municipal securities, an activity which, in and of itself, does not require registration. The no-action letter addresses the issues of exchange registration and clearing agency registration. Letter from Richard T. Chase, Associate Director, SEC to James M. Anderson, Taft, Stettinius & Hollister, August 7, 1985.

If you need any more information, please do not hesitate to call me.

Sincerely,



Richard G. Ketchum
Director

*/ National Partnership Exchange, Inc. recently advised us that its subsidiary has applied to the Commission for registration as a broker-dealer and has applied to the NASD for membership. It has taken this action to simplify its dealings with small, direct participation program broker-dealers and for others business reason. We anticipate issuing a modified no-action letter to reflect this change.