

“sell” orders left with him by other brokers for future execution.

Such a display, of course, would have to be

“smoothly handle” greatly increased trading volume predicted for the future.

—It would enable individual brokers to handle more trading than they currently can.

—It would break the physical “space barrier” that has placed a limit on trading activity that can take place on the floor.

It's understood that the report hasn't been submitted to the exchange's governing board for approval. However, while exchange officials decline to comment on the report, there are strong indications that, in addition to the development of the electronic specialist's book, some if not all the projects mentioned are being seriously considered as part of the Big Board's long-range planning. If it comes at all, any move to computerized trading, it's indicated, wouldn't come before the mid-1970s, when the exchange is slated to move into its new home.

“Structural Flexibility”

The new home's trading floor is expected to be 90,000 square feet, about triple the present space at 11 Wall St. However, in announcing the moving plans last March, Big Board officials stated: “Structural flexibility will be one of the building's major features. Thus, if some unforeseen future event should make it desirable for the exchange to relocate, or even to change its method of trading, the new building will be designed so that all or any part of the trading floor can be converted into conventional office space.”

Under the current method of trading, member-firm orders stream in to the booths, which are manned by brokerage-house clerks, mainly via telephone and teleprinter; some firms use computers to route orders from their branch offices directly to the booths.

When an order is received, a clerk calls a broker to pick it up by posting the broker's number on a signboard. After picking up the order, the broker dashes to the trading post where the particular stock is traded and calls out his bid to buy or sell, specifying the number of shares and the price he offers. Other brokers in the trading “crowd” call out answering or competing bids, and they bargain until the transaction is completed.

At the center of the trading-post action is the specialist, who matches up orders that can't be immediately filled and who buys and sells for his own account when necessary to minimize violent price swings.

As envisioned in the IBM-Big Board report, the computerized changes wouldn't alter the composition or functions of the current cast of brokers and specialists, but they would substantially reduce the number of brokerage-house and exchange clerks and other employees on the floor.

Additional “Free” Space

For instance, the report says one objective of the Order Delivery System “is the elimination of booths as they now exist, thus making available additional ‘free’ floor space and space for trading consoles.”

According to the report, one prerequisite for installation of the Order Delivery System would be some form of mechanization of the order-transmission systems of all member firms, so that all orders could be sent to the floor in such a form that they could be read by a computer.

The heart of the system would be a computer linked to black-box-type device called an Ordermat. There would be several of the Ordermats spotted around the trading floor. The computer would accept orders from brokerage houses, store them and activate an electronic unit that would page the appropriate broker and inform him that an order has been received. (Indeed, some brokerage houses currently use a paging unit that can be carried in a broker's shirt pocket.)

The broker or an exchange floor-messenger then would go to the Ordermat and insert a