

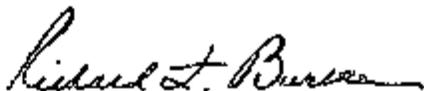
THE FLOOR DEPARTMENT
MEMORANDUM

October 22, 1968

Mr. Sheldon Rappaport of the SEC in Washington contacted Mr. David Huntoon of the Department of Member Firms concerning the criteria for making the unit of trading 10 shares in certain issues. At Mr. Huntoon's request, I called Mr. Rappaport and indicated that the size of distribution of the issue and the question of convertibility were the most important factors considered in determining whether the unit of trading in a new listing should be 10 shares. I indicated that as a rule of thumb, a new listing with 100,000 shares or less in non-convertible preferred stocks or preferred stocks not actively or imminently convertible were usually considered for Post 30, the inactive post, as 10-share unit stocks. I informed him that at the present time, we have 227 10-share unit stocks and most of these were non-convertible preferreds. I explained that the determination was usually made at the time a new company's listing had been accepted and was being allocated on the Floor. He asked who made the recommendation regarding 10-share unit stocks. I indicated that the Committee on Floor Affairs, which is composed of Governors, makes a recommendation to the Board of Governors, who considers the recommendation and determines whether the issue will be traded as a 10-share unit.

I also indicated that at times an issue might be transferred from an inactive post to an active post when a convertible stock became actively or imminently convertible or when, because of activity, trading in the 100-share unit was warranted. However, it would have to be approved by the Board of Governors.

He also asked about the listing requirements, and I referred him to Paragraph 2495b.10 of the Guide which sets forth the minimum numerical standards, and I went over the requirements as stated therein generally.


Richard F. Burke

cc: Mr. J. Buck
Mr. D. Huntoon