LISTING STANDARDS FOR

LONG-TERM WARRANTS

Contents

THE New York Stock Exchange

Summary Memorandum

LISTING STANDARDS FOR LONG-TERM WARRANTS

The Issue

To determine whether the Board wishes to pursue with the SEC its 1973 proposal to revise Exchange listing standards for long-term warrants.

Background

In 1973, the Exchange staff completed a Study of listed companies with substantial warrants issues not traded on the Exchange. The Study focused on whether the Exchange's listing standards for warrants could be revised without lowering the quality of the List, thereby permitting additional eligible warrants to be traded on the Exchange along with the common stocks of the issuers.

After considering the Study findings, the Board, in July, 1973, approved a series of proposed changes in listing standards for warrants and directed the staff to forward the proposed changes to the SEC for comment. (The relevant Board memo, dated June 14, 1973, is attached as Exhibit A.)

Immediately after the proposed changes were filed with the SEC, the American Stock Exchange filed objections with the Commission. Pointing to financial difficulties and declining trading volume, the AMEX contended that the proposed change in NYSE listing standards for warrants would cause a further decline in trading volume on the AMEX where many such warrants are traded.

The Commission responded to the Exchange's proposal in November, 1973, raising three questions:

1. Are the proposed revisions consistent with the standards for listing warrants first adopted by the Exchange in 1970?

2. What is the regulatory justification for maintaining different listing standards for warrants and common stocks?

3. How would the Exchange justify, in a regulatory context, continuing the existing prohibition against members trading in any issue on more than one exchange in New York City?

The Exchange replied to the Commission in February, 1974 (Exhibit B) addressing the first two questions in some detail. Responding to the third question, we pointed out that NYSE standards would still differ from those of the AMEX or National Stock Exchange. We also noted that the AMEX Constitution provides for automatic delisting of any security that lists on the New York Stock Exchange.

Reacting to the Exchange's letter, the AMEX restated its concerns to the Commission about possible favorable action on our proposals. During this period, the AMEX unilaterally proposed lowering its listing standards to allow foreign issues currently traded over the counter to qualify for listing on the AMEX. That proposal, in turn, prompted the National Securities Traders Association and Senate Securities Subcommittee Chairman Harrison A. Williams, Jr., to file objections with the Commission.

Recent Developments

On June 27, Lee A. Pickard, Director of the SEC's Division of Market Regulation, indicated that the Commission is ready to consider both the NYSE's proposals for revising listing standards for warrants and the AMEX's proposals for listing foreign issues. Mr. Pickard invited representatives of the two exchanges and the NSTA to meet with the Commission on July 23, when all parties would apparently have a final opportunity to present their arguments. He also indicated that the Commission might act favorably on the proposals of both exchanges if the provisions restricting members' trading to one Exchange in New York City were eliminated.

In effect, this would require repeal of Exchange Rule 394 with respect to long-term warrants. The Exchange Constitution would also have to be amended so that members could trade on either the NYSE or the AMEX any warrants listed on both exchanges. Similarly, the AMEX would have to amend its Rule 5 -- the counterpart to NYSE Rule 394 -- and its constitution to repeal the provision requiring the delisting of any security listed on another exchange.

Following receipt of the call from Mr. Pickard, the staff of the Department of Stock List reviewed the memorandum prepared prior to the Board action in July, 1973. At that time the Study indicated there were 15 warrant issues traded either on the American Stock Exchange or over the counter, which would meet the revised listing schedule. Due to the decline in market prices over the past year, there are now only two of those 15 issues which would meet our proposed listing standards.

Question

The question to be decided by the Board is whether it wishes the staff to pursue with the SEC the July, 1973, proposals to revise the Exchange's listing standards for long-term warrants.

DEPARTMENT OF GOVERNMENT AFFAIRS

EXHIBIT A

NEW YORK STOCK EXCHANGE, INC.

Division of Stock List

June 14, 1973

TO: Board of Directors

FROM: Division of Stock List

SUBJECT: Revision of Listing Standards For Long-Term Warrants

Recommendation

That the Board of Directors approve, in principle, a revision in the listing standards for long-term warrants and that notice of the proposed revision be given to the Securities and Exchange Commission pursuant to SEC Rule 17a-8.

Background and Discussion

The Exchange has recently completed an analysis of those listed companies with substantial warrant issues outstanding which are not currently traded on this market. The purpose of the study was to determine whether or not the present listing standards should be amended to maximize the number of warrants eligible for listing without compromising the Exchange's standards of quality. Generally speaking, warrants are more popularly priced, more attractive to the investing public and thus trade more actively. Moreover, the specialists' market making function is enhanced when, consistent with our standards, both the common shares and the warrants of any one company can be traded on the same market. Based on the study just completed, the following revisions to the listing standards for long-term warrants are recommended:

A. Reduce the requirement for the number of publicly held warrants from 1,000,000 to 700,000.

B. Reduce the round lot warrant holder requirement from 2,000 to 1,000 holders.

The attached statistics illustrate that the turnover ratio for warrants is higher than that for Common Stock. Therefore, the proposed reduction in the above requirements should still provide for adequate market liquidity.

C. Permit the listing of warrants with three years or less remaining life provided the market premium is not more than 10%.

The 10% premium maximum (as compared to 25%) is proposed in view of the relatively short remaining life of these issues.

D. Increase the dilution factor from 50% to 100% for warrants presently outstanding, but retain the 50% factor for future issues.

There are a number of warrants outstanding, particularly those of real estate investment trusts, that were originally issued on a one share and one warrant basis. These issues, while having less than 3 years remaining life, otherwise meet all the required standards. Also, they sell with little or no premium.

Over the years, a strong preference has developed, on the part of the public, for securities listed on this Exchange because of the quality standards required before securities are approved for listing. It is our judgment that the revised listing requirements recommended herein will maintain these important standards of quality.

Historically, a high percentage of warrant issues become worthless prior to their expiration date. To safeguard against the purchase of worthless securities by small investors, we would propose to strongly recommend that each company issuing a new warrant place a minimum value of $2 on the warrant which could be utilized in exchange for the company's common stock at the exercise price. This practice was adopted by Commonwealth Edison when its warrant issues were listed on this Exchange. Each warrant is convertible at any time into one-third of a share of common stock.

Exhibit A:

Schedule I shows statistics on the warrants currently listed on this Exchange or eligible under existing standards.

Schedule II shows those that would become eligible if the new standards are adopted.

Schedule III shows those warrants which remain ineligible – some of which could become eligible if their market price regained former levels.

Exhibit B is a comparison between the present standards for long-term warrants and those standards proposed in this memorandum.

Exhibit C is a draft of the portions of the Company Manual affected as they would appear if the new standards are adopted.

Exhibit D is a draft of letter to the SEC notifying them of the proposed new standards in accord with Rule 17a-8.

Proposed Board Action

It is recommended that the Board of Directors approve, in principle, a revision in the listing standards for long-term warrants, and that notice of the proposed revision be given to the Securities and Exchange Commission pursuant to SEC Rule 17a-8.

JUNE 1973

ANALYSIS OF WARRANT ISSUES

Exhibit A
Schedule I

(000)

	Company	Warrants Outstanding	Volume Year 1972	Common Stock Outstanding	Dilution	Life	Exercise	Current Price Common	Current Price Warrant	Premium
CURRENTLY LISTED NYSE										
	AT&T	31,386	21,682	549,315	6%	1+	$52	$ 51	$ 6	1%
	Avco	2,900	1,522	13,477	21	5+	56	10	2	460
	Chrysler	1,800	3,356	52,229	3	2+	34	28	10	21
(1)	General Development	2,000	2,531	22,492	8	5+	28	11	2	154
	Commonwealth Ed (B)	4,270	2,973	47,332	18	7+	30	32	10	0
	Commonwealth Ed.	4,249	2,412	47,332	18	7+	30	32	10	0
	Greyhound	4,250	3,482	42,860	10	6+	24	15	3	60
	Gulf & Western	7,200	6,571	18,985	38	4+	55	23	5	139
	North Central Air	2,649	N/A	12,426	21	5+	6	5	2	20
	Northwest Ind.	1,500	1,652	7,448	20	5+	25	21	9	19
	Tenneco Inc.	6,000	3,931	67,175	9	2+	24	23	4	4
	United Telecommunications	1,500	953	34,473	4	2+	18	20	5	0
	Williams Co.	1,600	2,374	8,603	18	2+	20	41	23	0
	Totals	71,304	53,439							
ELIGIBLE BUT COMPANY REFUSES TO LIST										
(2)	Louisiana Land AMEX	1,800	3,160	22,767	8	3+	40	33	6	21
	Loews Corp. AMEX	6,400	6,464	14,787	43	7+	37	26	7	42

(1) Stock Held By City Investing - Not Original Issue By Company

(2) Stock Held By Amerada Hess - Not Original Issue By Company

Exhibit A
Schedule II

ANALYSIS OF WARRANT ISSUES

Company	Market	Warrants Outstanding	Dilution	Life	Volume Year 1972 (000's)	Common Stock Outstanding (000's)	Exercise	Current Price Common	Current Price Warrant	Premium
Eligible if Standards are Revised to 700,000 Outstanding and 100% Dilution										
Molybdenum Corp. of America	AMEX	750	25%	3+	225	2,994	$15	$15	$7	0%
Atico Mtge. Inv. (C)	OTC	750	81	9+	N/A	2,398	23	18	1	25
Cousins Mtge. & Equity	AMEX	715	31	3+ (3)	N/A	2,319	25	25	4	0
North Amer. Mtge. Inv.	OTC	720	16	5+ (3)	N/A	4,549	31	25	2	24

(3) Requires Undertaking - Not To Extend Life.

Company	Market	Warrants Outstanding	Dilution	Life	Volume Year 1972 (000's)	Common Stock Outstanding (000's)	Exercise	Current Price Common	Current Price Warrant	Premium
Short Term Warrants - Eligible Under Proposed New Standards. Less than 3 Year Life, Premium Not More Than 10%										
Atico Mtge. Inv.	AMEX	850	81	1+	859	2,398	15	18	4	0
Amer. Century Mtge.	AMEX	906	35	2+	369	2,569	23	21	1	9
C.I. Mtge. Group	AMEX	3,000	67	1-	2,499	4,459	20	20	2	0
Continental Tel.	AMEX	1,250	4	1+	1,314	30,179	22	22	4	0
Flying Tiger	AMEX	929	9	2+	1,466	9,990	18	23	11	0
Kaufman & Broad	AMEX	700	4	1-	1,227	15,979	11	20	11	0
(4) Mobil Oil	AMEX	800	7	2+	1,325	10,932	47	65	20	0
Mortgage Trust	OTC	3,168	87	1+	1,652	3,637	19	17	1	11
Ryder System	AMEX	700	6	2+	368	12,324	12	33	20	0

(4) Stock Held by Northern Natural Gas - Not Original Issue of Company

Exhibit A
Schedule II (Page 2)

ANALYSIS OF WARRANT ISSUES

Company	Market	Warrants Outstanding	Dilution	Life	000's Volume Year '72	000's Common Stock Outstanding	Exercise	Current Price Common	Current Price Warrant	Premium (Ratio)
Eligible Under Old Or Proposed New Standards Except For Premium										
Fiberboard	AMEX	729	17%	5+	824	4,446	$22	$15	$5	46%
Larwin Mtge. Inv.	OTC	700	35	3+	N/A	2,005	32	22	1	46
Gould Inc.	AMEX	2,700	31	3+	1,813	8,587	37	24	4	54
Amer.Metal Climax	OTC	760	3	4+	N/A	23,701	47	30	4	56
NVF Corp.	Pacific	1,115	97	5+	637	1,254	22	14	9	57
Eligible Except For Ratio Correctable By 2 x 1 Split of Common										
Citizens So. Realty	OTC	1,000	27	2+	N/A	3,568	10 1/2sh.	33	7	0
First Penn. Mtge.	OTC	1,600	13	1+	N/A	12,432	10 1/2sh.	20	2	0
Wells Fargo Mtge.	OTC	1,850	48	1+	N/A	3,814	10 1/2sh.	22	2	0
Warrants With Less Than 700,000 Outstanding That Merit Future Consideration In The Event of a 2 x 1 Split										
Atico Mtge. Inv. (B)	OTC	360	81	7+	N/A	2,398	21	18	1	16
CMI Investment Corp.	AMEX	450	20	3+	N/A	2,242	32	29	15	10
First Penn. Mtge. (B)	OTC	540	4	2+	1,272	12,432	14	20	1	40 (1 for .50)
First Union Real Estate	OTC	600	16	3+	N/A	3,650	13	12	1	8
Guardian Mtge.	AMEX	600	27	3+	1,365	2,246	37	38	5	0
Pacific Southwest Air	AMEX	442	11	4+	505	3,824	24	13	7	41
Tesoro Petroleum	AMEX	650	15	3+	1,833	4,408	28	29	15	0
Uris Building	AMEX	500	6	2+	344	7,993	13	16	21	0
Webb. Del. E. Corp.	OTC	562	6	2+	N/A	8,466	6	5	2	20

Exhibit A
Schedule III

CURRENTLY INELIGIBLE WARRANTS

Company	Market	Premium	Dilution	Common Stock Outstanding	Warrants Outstanding	Life	Exercise	Current Price Common	Warrant	Volume Year 1972
				(000)						(000)
Potentially Eligible If Common Price Should Increase Substantially										
Telex Corp.	AMEX	66%	8%	10,676	875	3+	$11	$3	$1	826
Brown Co.	AMEX	112	46	3,636	1,670	6+	17	8	3	451
Western Pacific Ind.	AMEX	150	40	3,217	1,300	3+	20	8	2	1,221
U. V. Industries	AMEX	164	42	2,800	1,200	5+	66	25	4	591
Leasco Corp.	AMEX	288	56	10,757	6,000	5+	35	9	2	3,656
(6) LTV	OTC	362	9	15,901	1,400	5+	37	8	1	N/A
LTV (78)	OTC	400	78	8,904	2,700	4+	40	8	2	N/A
United Brands	AMEX	557	48	12,376	6,000	5+	46	7	1	3,794
Bangor Punta	AMEX	581	62	4,025	2,500	7+	55	8	2	475
National Industries	AMEX	600	14	7,017	1,014	5+	21	3	1	977
Whittaker Corp.	AMEX	1,050	19	20,540	4,000	5+	50	4	1	3,048
LTV (115)	AMEX	1,337	78	8,904	4,320	4+	115	8	4	2,250
Other Reasons Noted **										
General Host	Pacific	263	256**	2,652	6,815	5+	40	11	1	3,395
National General (N)	AMEX	29	197**	5,510	9,466	5+	40	31	5	6,704
National General (74)	AMEX	0	197**	5,510	1,313	1-	15	31	17	2,311
National General (59)	OTC	0	197**	5,510	717	1	5	31	4	N/A
American Motors (7)	OTC	71	3	25,999	875	3+	12	7	3	N/A
Carrier Corp. (7)	AMEX	35	5	24,102	1,120	3+	27	20	5	514
Goodrich B. F. (7)	OTC	30	10	14,558	1,500	6+	30	23	6	N/A

(6) Stock Held By Jones & Laughlin - Not Original Issue By Company

(7) Less Than 1,000 Round Lot Holders

COMPARISON BETWEEN PRESENT
AND PROPOSED STANDARDS

Minimum Requirements For Original Listing of Warrants

	Present	Proposed
A. Warrants With A Lifespan of Three to Ten Years At The Time of Listing		
Warrants Publicly Held (Exclusive of Concentrated Holdings)	1,000,000	700,000
Number of Round Lot Holders	2,000	1,000
Dilution Percentage to Common Stock Outstanding	Maximum 50%	New Issues No Change, Presently Outstanding Issues, Maximum 100%
Market Premium	25%	No Change
B. Warrants With Less Than Three Years Remaining Life	Presently Ineligible	Same As Under ‘A’ Above, Except Market Premium Of Not More Than 10%

STANDARDS OF ELIGIBILITY FOR LISTING LONG-TERM WARRANTS

BASIC CONSIDERATIONS

Warrants shall represent the right to buy at least one share of common stock of the issuing* company, which stock is currently (or will be concurrent with the warrant) listed on the N.Y.S.E. For such issues the warrant holder will not be entitled to any privileges of the holder of Common Stock including dividends, pre-emptive rights or voting rights.

Warrants shall be issued as fully registered instruments, in a form approved by the Exchange, and shall be transferable, exercisable, payable and deliverable in the Borough of Manhattan, in the City of New York.

The terms of the warrants should include the usual antidilution provisions protecting the warrant holder. In the event of a stock split, additional warrants should be issued, insofar as feasible, so that trading can continue in the warrants on the basis of one warrant for one share of common stock.

Historically, a high percentage of warrant issues become worthless prior to their expiration date. To safeguard against the purchase of worthless securities by small investors, we would propose to strongly recommend that each company issuing a new warrant place a minimum value of $2 on the warrant which could be utilized in exchange for the company's common stock at the exercise price.

SIZE AND DISTRIBUTION CRITERIA

The issuer of the warrant shall, at the time of issue and/or listing of the warrants, meet the standards for original listing on the Exchange as contained in Section B 1 of the Company Manual.

The distribution standard, in terms of warrant holders, shall be:

a. 700,000 warrants outstanding (exclusive of concentrated holdings).
b. 1,000 holders of 100 warrants or more.

GENERAL CONSIDERATIONS

While the standards outlined herein are generally determinative on the question of eligibility for listing, the Exchange can, where circumstances permit, take into consideration these and other factors which could have a bearing on the warrant holder's ultimate expectation of exercising his warrant. This could include, but is not limited to, the issuer's relative stability and position in its industry, whether it is engaged in an expanding industry with prospects of maintaining its position, the degree of national interest in the company, whether the security to which the warrant is attached at the time of issuance can be used as consideration in exercising the warrant, etc.

Warrants shall have a lifespan of approximately a minimum of 3 years and a maximum of 10 years. The warrant exercise price at the time of issue may not be substantially above the market price of the common stock. (Initially, a price of not greater than approximately 25% above market shall be looked for under normal conditions). However, in the alternative, a current premium of less than 25% over the average price of common stock for a 3 month period may be applied.

The Exchange will give consideration to listing warrants with less than 3 years remaining life provided the warrant issue meets all other standards of eligibility but the market premium is not more than 10%.

The aggregate of shares purchasable upon exercise of the warrant being considered for listing shall not exceed 20% of the total common stock outstanding of the issuing company at the time of the issuance of such warrants, unless shareholder approval of the issuance is obtained. However, the Exchange will list warrants where the total outstanding would represent not more than __%# of the common stock outstanding. In calculating the foregoing, warrants would be aggregated where more than one issue is outstanding. Also, the Exchange would normally refuse to list warrants issued in connection with other securities which did not meet Exchange listing requirements. Finally, the terms of the warrants must not give the company the right to reduce the established price of the warrant for periods of time, or from time to time, during the life of the warrants.

#..A 100% dilution will be acceptable for
warrants issued prior to June 30, 1973.

See Section B 3 for directions for the preparation of the listing application.

DELISTING CRITERIA

1. The Exchange will, normally, consider the delisting of warrants if:

    (a) The number of warrants outstanding is reduced to 100,000 (exclusive of concentrated holdings), or

    (b) the number of round-lot holders is less than 500.

2. The Exchange may suspend dealings or delist warrants at any time when in its judgment such action may be appropriate. In this relation, and to maintain a fair and orderly market, an imbalance of orders or an unusually low price are among the circumstances which might lead to such action.

*..Consideration will be given to the listing of long-term warrants to purchase shares of a listed company meeting the foregoing listing standards where the issuer of the warrants is a company other than the company into whose shares the warrants are exercisable. In such a case, however, adequate safeguards will be required to assure the availability of the shares subject to the exercise of warrants and any other requirements which, in the Exchange's view, appear appropriate under the circumstances.

THE New York Stock
Exchange

July , 1973

James E. Buck
Secretary

Mr. Lee A. Pickard
Director
Division of Market Regulations
Securities and Exchange Commission
500 North Capitol Street, Northwest
Washington, D. C. 20549

Dear Mr. Pickard:

At its meeting held on July 11, 1973, the Board of Directors of the Exchange determined to approve in principle certain revisions to the listing standards for long-term warrants. Such revisions are as follows:

A. Reduce the requirement of the number of publicly held warrants from 1,000,000 to 700,000

B. Reduce the round-lot warrant holder requirement from 2,000 to 1,000

C. Permit listing warrants with less than three years remaining life provided the market premium is not more than 10%

D. Increase the dilution factor from 50% to 100% for warrants presently outstanding; but retain the 50% maximum factor for future issues.

The Exchange adopted standards for long-term warrants in 1970, and subsequently revised the public ownership and round lot holder requirements thereof in 1971 in connection with a change in standards for listing common stock. Experience gained over the past several years indicates that certain changes are appropriate at this time.

It is generally desirable that convertible securities be traded in the same market as the common stock.

Present standards unnecessarily prevent a number of listed company warrants from being traded in this manner. The proposed changes should make this marketplace more responsive to the needs of the public by keeping the market for the warrants and common stock in their appropriate relationship.

Any questions on this matter should be directed to Mr. Merle S. Wick, Vice President, Division of Stock List, 11 Wall Street, New York, New York 10005.

Very truly yours,

EXHIBIT B

THE New York Stock
Exchange

James E. Buck
Secretary

Mr. Lee A. Pickard
Director
Division of Market Regulation
Securities and Exchange Commission
Washington, D. C. 20549

February 22, 1974

Dear Mr. Pickard:

We have considered the issues raised in your November 1, 1973, letter concerning our Board's proposal to revise the listing standards for warrants. We will respond to those questions in the same order as you have raised them.

> 1. Are the proposed reductions in NYSE warrant-listing standards consistent with (a) the NYSE's initial representation, 1970 when it first listed warrants, that it would list and trade only those warrants which it concluded represented the highest investment quality; and (b) the NYSE's subsequent decision to raise its listing standards for warrants above these originally employed?

The Exchange feels that we are not diverting from our original representation that we would list and trade only those warrants which we concluded represented the highest investment quality. Rather, we feel that the recommended adjustments are consistent with our proven record of continually reviewing our listing standards. Since our past record shows a pattern of increasing the standards, we can appreciate your raising the question. However, given that this Exchange had not listed or traded warrants for a long period, the fact that this action proposes to lower certain standards should not be considered as being inconsistent with prior actions or statements. As you know from the number of 17a-8 letters regularly submitted, the Exchange continually reviews and recommends changes to the breadth of its rules and stated policies. It is not unusual for the Exchange to modify its criteria where deemed appropriate.

The Exchange neither listed nor traded warrants between the period of 1919 to 1970. You will appreciate then that when we adopted warrant standards in 1970, we were embarking in to an area tantamount to an entirely new issue for us, and since our action in 1970 was predicated primarily upon research and analysis, rather than experience as in the case of standards for stocks and bonds, we feel that our now accumulated experience with warrants establishes a more solid base for appraisal of standards than that existent in 1970.

Similarly, we do not feel that our current proposal is inconsistent with the fact that warrant standards were raised in 1971, sixteen months after the original standards were adopted.

You will note that the 1971 proposal dealt with raising standards on equity securities as well as warrants to be listed and traded on this Exchange. That action was addressing the overall issue of listing standards and not warrants in particular.

The then increase in round lot holders, for warrants from 1800 to 2000, brought the warrant standard in to parity with common stock standards. Conversely the increased standard for publicly held shares of common (one million) made that standard equal to the existing standard for warrants. These 1971 changes were admittedly to provide a parity of standards for both common stock and warrants. However, the warrant changes were made upon the basis of short-lived experience--when there were 8 warrant issues listed as compared to the 13 presently traded on this exchange. At the time, and in our judgement, that was the proper course of action. With over three years of trading warrants now behind us, our experience dictates change is in order.

> 2. What, if any, regulatory justification is there for imposing differing listed standards for warrants and the underlying common stock traded on the same exchange, at least with respect to such comparable matters as the number of publicly held warrants and the number of holders of 100 warrants or more?

The experience gained in recent years indicates that warrants are more popularly priced and are attractive to investors as witnessed by the high turnover ratio as compared to the underlying common.

To illustrate this activity, note Schedule I attached. It compares volume and turnover ratios in listed warrants to that in the underlying common stock of warrants listed here for 1973. Note that the turnover ratio in every issue, with one exception, indicates that there is a higher degree of turnover in the warrants than in the related common stock.

We did not have this experience on this Exchange to appraise in 1970 when the first issue, AT&T, was listed. In 1971, when we brought the number of round lot holders in line with common stock requirements, we had information that was still not of the depth to suggest a more material change, up or down, in the standards. When we sent our July 13, 1973 proposal, we used 1972 figures. (See Schedule II) 1973 statistics now being available, we provide them as continuing strong evidence of the wide investor interest in warrants. Schedule III compares the turnover ratios from both years.

The regulatory purpose of establishing standards of round lot holders and number of publicly held shares is to insure liquidity on this Exchange. The attached statistics evidence that the standards for warrants could be lowered without materially affecting the liquidity of warrants.

> 3. If these lower listing standards should be adopted, what continued regulatory justification would there be for the constitutional provisions of the New York, American and National Stock Exchanges which effectively prohibit trading in any listed issue on more than one of those exchanges?

Based upon the current constitutional provision you cite for the three New York City Exchanges, we fail to appreciate why you would question their continued regulatory justification.

This Exchange's constitution has the effect of prohibiting our members from belonging to any other New York City exchange that deals in securities listed here. Our reading of the constitutions of the American and National Stock Exchanges indicates that there would be no constitutional conflict created by our lowering our warrant standards. The constitutions of those exchanges require that their listed securities be delisted if an issuer opts to list its securities, by way of a listing application, on another New York City exchange. The lowering of the warrant standards, under the existing constitutional provisions, should therefore not affect the present policies or procedures of any of the New York City exchanges.

Our new proposed minimum standards for warrants remain considerably above those of the other two exchanges. So, in addition to there being a lack of a constitutional conflict, there is still considerable differential between the warrant listing standards of this Exchange and the other New York City exchanges.

Any questions you have concerning this matter can be addressed to Mr. Merle Wick, Vice President of the Division of Stock List. His telephone number is (212) 623-5092.

Sincerely,

cc: Harvey A. Rowen

SCHEDULE I

Year Ended December 31, 1973

NYSE - COMPARISON OF TRADING IN WARRANTS TO COMMON STOCK

(ooo)

COMPANY	WARRANTS 1973 OUTSTANDING	WARRANTS 1973 VOLUME	WARRANTS TURNOVER* RATIO	COMMON STOCK 1973 OUTSTANDING	COMMON STOCK 1973 VOLUME	COMMON STOCK TURNOVER* RATIO
AT&T	31,321	20,862	66.6%	555,284	29,431	5.3%
Avco	3,085	924	30.0%	13,481	2,649	19.6%
Chrysler	1,800	4,221	234.5%	53,847	22,176	41.2%
Commonwealth Ed (B)	742	567	76.4%	47,503	5,065	10.7%
Commonwealth Ed	1,531	581	37.9%	47,503	5,065	10.7%
Greyhound	4,250	2,268	53.3%	42,864	5,706	13.3%
Gulf & Western	6,922	3,946	57.0%	19,376	4,813	24.8%
North Central Air.	2,649	263	9.9%	12,463	1,392	11.1%
Northwest Ind.	1,513	1,008	66.6%	7,453	2,740	36.8%
Tenneco Inc.	5,985	3,332	55.7%	68,566	7,470	10.9%
United Telecommuni-Cations	1,500	562	37.5%	34,574	5,185	15.0%
Williams Co.	1,699	3,887	228.8%	9,890	6,679	67.5%
**City Investing Company	2,000	1,111	55.5%	-----	-----	-----
**General Development Corp.	-----	-----	-----	10,173	1,670	16.4%

*Based on 1973 volume divided by 12-31-73 outstanding warrants.

**City Investing Company warrants are exercisable for shares of Common Stock of General Development Corp. owned by City Investing.

SCHEDULE II

Year Ended December 31, 1972

NYSE - COMPARISON OF TRADING IN WARRANTS TO COMMON STOCK
(ooo)

COMPANY	WARRANTS 1972 OUTSTANDING	WARRANTS 1972 VOLUME	WARRANTS TURNOVER* RATIO	COMMON STOCK 1972 OUTSTANDING	COMMON STOCK 1972 VOLUME	COMMON STOCK TURNOVER* RATIO
AT&T	31,336	21,682	69.1%	549,318	38,603	7.0%
Avco	3,085	1,522	49.3%	13,477	3,865	28.7%
Chrysler	1,800	3,356	186.4%	52,230	17,727	33.9%
Commonwealth Ed (B)	4,270	2,973	69.6%	47,332	5,301	11.1%
Commonwealth Ed.	4,249	2,412	56.8%	47,332	5,301	11.1%
Greyhound	4,250	3,482	81.9%	42,860	6,928	16.2%
Gulf & Western	6,922	6,571	94.9%	18,985	8,036	42.3%
North Central Air.	2,649	N/A	N/A	12,426	N/A	N/A
Northwest Ind.	1,513	1,652	109.2%	7,448	4,798	64.4%
Tenneco Inc.	5,991	3,931	65.6%	67,175	9,488	14.1%
United Telecommuni- Cations	1,500	953	63.5%	34,473	7,180	20.8%
Williams Co.	1,699	2,374	139.7%	8,603	4,181	48.6%
**City Investing Company	2,000	2,531	126.6%	-----	-----	-----
**General Development Corp.	-----	-----	-----	10,173	2,582	25.4%

*Based on 1972 volume divided by 12/31/72 outstanding warrants.

**City Investing Company warrants are exercisable for shares of Common Stock of General Development Corp. owned by City Investing.

N/A Not listed for full year of 1972.

SCHEDULE III

Comparison of 1973 and 1972

NYSE - TRADING TURNOVER RATIOS OF LISTED WARRANTS COMPARISON

COMPANY	WARRANTS OUTSTANDING* 1973	1972	WARRANTS TURNOVER RATIO 1973	1972	COMMON STOCK OUTSTANDING 1973	1972	COMMON STOCK TURNOVER RATIO 1973	1972
AT&T	31,321	31,336	66.6%	69.1%	555,284	549,318	5.3%	7.0%
Avco	3,085	3,085	30.0%	49.3%	13,481	13,477	19.6%	28.7%
Chrysler	1,800	1,800	234.5%	186.4%	53,847	52,230	41.2%	33.9%
Commonwealth Ed (B)	742	4,270	76.4%	69.6%	47,503	47,332	10.7%	11.1%
Commonwealth Ed	1,531	4,249	37.9%	56.8%	47,503	47,332	10.7%	11.1%
Greyhound	4,250	4,250	53.3%	81.9%	42,864	42,860	13.3%	16.2%
Gulf & Western	6,922	6,922	57.0%	94.9%	19,376	18,985	24.8%	42.3%
North Central Air.	2,649	2,649	9.9%	N/A	12,463	12,426	11.1%	N/A
Northwest Ind.	1,513	1,513	66.6%	109.2%	7,453	7,448	36.8%	64.4%
Tenneco Inc.	5,985	5,991	55.5%	65.6%	68,566	67,175	10.9%	14.1%
United Telecommunications	1,500	1,500	37.5%	63.5%	34,574	34,473	15.0%	20.8%
Williams Co.	1,699	1,699	228.8%	139.7%	9,890	8,603	67.5%	48.6%
**City Investing Co.	2,000	2,000	55.5%	126.6%	------	------	------	------
**General Dev. Corp.	------	------	------	------	10,173	10,173	16.4%	25.4%

This column reflects the fact that there have been some reductions in warrants outstanding in 1973 due to their being exercised. This effects the warrant turn-over ratio of 1973 versus 1972 since there were less rather than more warrants available for trading in 1973. Conversely, in most cases, there were more common shares outstanding.

**City Investing Company warrants are exercisable for shares of Common Stock of General Development Corp. owned by City Investing.

N/A Not listed for full year of 1972.