

OPENING REMARKS  
OF  
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AT THE PUBLIC MEETING OF THE  
SECURITIES AND EXCHANGE COMMISSION

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The floor of the New York Stock Exchange is closed for 17 1/2 hours every day. Nonetheless, there is significant interest on the part of both individuals and institutions in the U.S. and abroad to have the capability of trading during the long trading "night." This desire has resulted in development of numerous alternatives to the traditional exchanges -- such as proprietary systems. It has also contributed to significant volumes of trading in U.S. stocks on foreign exchanges. Today more than 185 U.S. companies list their securities in London, and more than 70 U.S. companies list their securities for trading in Tokyo. Approximately 7-1/2 million shares in U.S. stocks trade on the International Stock Exchange in London every trading day.

Today we will act on a proposal by the New York Stock Exchange to extend its trading hours beyond the normal 9:30 to 4:00 trading hours currently in effect. The New York Stock Exchange proposes to establish off-hours trading during two sessions -- one at 5:00 for crosses of individual buy and sell orders for single stocks and another at 5:15 for multiple-stock portfolio buy and sell orders. The Commission's Division of Market Regulation has recommended that

the Commission approve the New York Stock Exchange's proposed off-hours trading facility for a pilot period of two years.

The two sessions of the off-hours trading facility are designed to meet two different markets. During Session I, Stock Exchange members could send by computer buy or sell orders (including limit orders) on any single issue of stock at its 4:00 closing price, and these orders would be executed at 5:00. No price discovery would take place during this session, because the same day's closing price would be used for each trade. Session II would be directed at institutions who now go abroad to trade large portfolios of stocks there after hours. In Session II, crossed orders for portfolios of at least 15 stocks worth at least \$1 million would be executed at 5:15. The ability for institutions to trade in this session should increase market efficiency by facilitating the ability of institutional traders to adjust their stock and futures positions.

Today's proposal is an important first step toward a 24-hour securities trading capability in the United States. The trading day on the New York Stock Exchange has grown steadily longer: in 1952, the day started at 10 and ended at 3:30; in 1974, the closing bell rang a half-hour later at 4:00; and in 1985, the trading day began at 9:30.

At first blush, the proposal before us today may seem incremental, but its effect will be felt around the world as a sign

that United States markets are changing their habits to meet the needs of an increasingly globalized marketplace. In fact, we already have a 24-hour securities marketplace, because at almost any hour of the day anyone can buy or sell securities of U.S. companies that are listed in Tokyo, London, and other markets.

This ability for issuers to list their securities on several exchanges around the world means that the only question is where the "after-hours" trading will occur, not whether it will happen at all. The proposal before the Commission today is a modest but positive step by the New York Stock Exchange to address the realities of the electronic marketplace, as well as to compete more actively for order flow in an increasingly global trading market.