

# Features

## Computer age gets ticker-tape parade

# Stock Exchange updating technology

**United Press International**  
NEW YORK — By the end of the day, the trading floor of the New York Stock Exchange looks as if one of New York's famous ticker-tape parades had been held there.

Critics contend the paper-strewn floor testifies to the exchange's failure to emerge from the technological dark ages.

Actually, the Big Board has poured millions of dollars into computer systems to upgrade its communications, data reporting, order routing and trade processing operations.

But the 2,800 exchange and brokerage employees crowding the trading floor still use pencil and paper to transact most of their business — much as their predecessors did curbside on Wall Street 189 years ago.

Exchange officials acknowledge they have been slow to upgrade floor operations with new technology. But that, they say, is changing.

Located on an upper floor of the exchange is a laboratory where researchers have been developing new equipment to bring stock trading closer to a paperless society in the next few years.

Since the Product Analysis Laboratory was created in March 1980, researchers have come up with an arsenal of computer-age technology, including hand-held computer terminals, touch-sensitive computer screens, voice-input computers and credit cards with built-in microprocessors.

Typically, a reporter pencils in six or seven items on a card, which then has to be fed into an optical scanner to be transmitted to the ticker.

With a hand-held terminal, which resembles a pocket calculator, only two or three keys have to be pressed for the data to be recorded and instantly transmitted onto the tape.

Erik J. Steiner, head of the six-member lab research team, says the terminal can help reduce errors as well as speed up the reporting process under most trading conditions.

A wireless version is expected to be tested on the floor early next year.

Another device, which Steiner believes holds promise for improving the speed and efficiency of executing small trades, is a touch-sensitive terminal screen. Rather than pressing a key on a computer keyboard, the operator presses a point on the screen to initiate a command.

Instead of brokers having to hand deliver routine order tickets to the floor specialist in the stock, Steiner says, orders could be transmitted via computer. They would show up on the terminal, and the specialist could match the orders, pick the price and execute the order with a few gentle touches of the screen.

Steiner says the system might undergo a pilot test early next year.

The lab also has developed a computer terminal which responds to voice commands.

Michael Lightman, another member of the lab team, said the voice system probably will find more immediate application in the quieter, and less hectic off-floor trading areas because an operator has to pause between words and pronounce them exactly as he did yesterday. The computer is trained to recognize the voice

commands of each individual operator.

The lab also is exploring applications for so-called "smart cards" being developed in Europe. The cards look exactly like credit cards but have a computer microchip embedded.

Presently, when a broker makes a trade with another broker, each jots it down on his own slip. A broker's word is his bond, but be-

cause there is no exchange receipts, disputes often arise when one thought he heard one other say something else.

With a smart-card, Steiner says, both brokers could walk away with the same electronic record of a transaction.

"Really the essence of this," said Steiner, "is to improve the quality of the trading process without slowing it down."

## Inflation's effect on U.S. housing could be harmful

**United Press International**  
NEW YORK — One of the most serious consequences of prolonged inflation could be its effect on housing — making it almost impossible for millions of Americans to find a place of their own, Gregory Junkin says.

Executive vice-president of Balcor Co., of Chicago, which owns 15,000 apartment units in 20 states, Junkin says the current housing crisis in the United States is far worse than most people realize.

"Attention has been focused on the high prices and shortage of mortgage money for single-family houses," he said, "but the shortage of rental units is so bad that rents likely will go up 100 percent in the next five years — if you can find any place to rent. Few people can stand that."

Junkin says he's scared. He sees no hope of an early cure for inflation, high interest rates and other conditions that have caused the housing crisis. He said it is potentially the most dangerous of all inflation-induced hardships for people and the one most likely to explode in violence.

He said people may not realize it yet but the nation is on the verge of a doubling up crisis in which most families will have to take married children and their youngsters or older parents into their homes.

The crisis is being aggravated, he said, by several factors.

"The very rich don't care how high the price of purchased shelter goes," he said, "because they think the prices will keep on going up and their investments will be safe. All they're interested in is

the amenities.

"Shelter expectations of young people are so much greater than were those of their parents when they were young. The of family formation is faster. The influx of rich foreigners and illegal aliens also helps aggravate the housing shortage."

Although Junkin offered specific proposals for dealing with the crisis, President Leon T. Kendall of Mortgage Guaranty Insurance Corp. of Milwaukee did not say whether a congressional committee, Kendall took a somber view of the crisis at a hearing, saying the shortfall of mortgage money could reach \$400 billion a single year by 1989. He commented on the much higher rate of family formation today.

Kendall urged Congress to take several things:

—To remove the SEC regulation cost impediments applying to issues of conventional mortgage-backed securities.

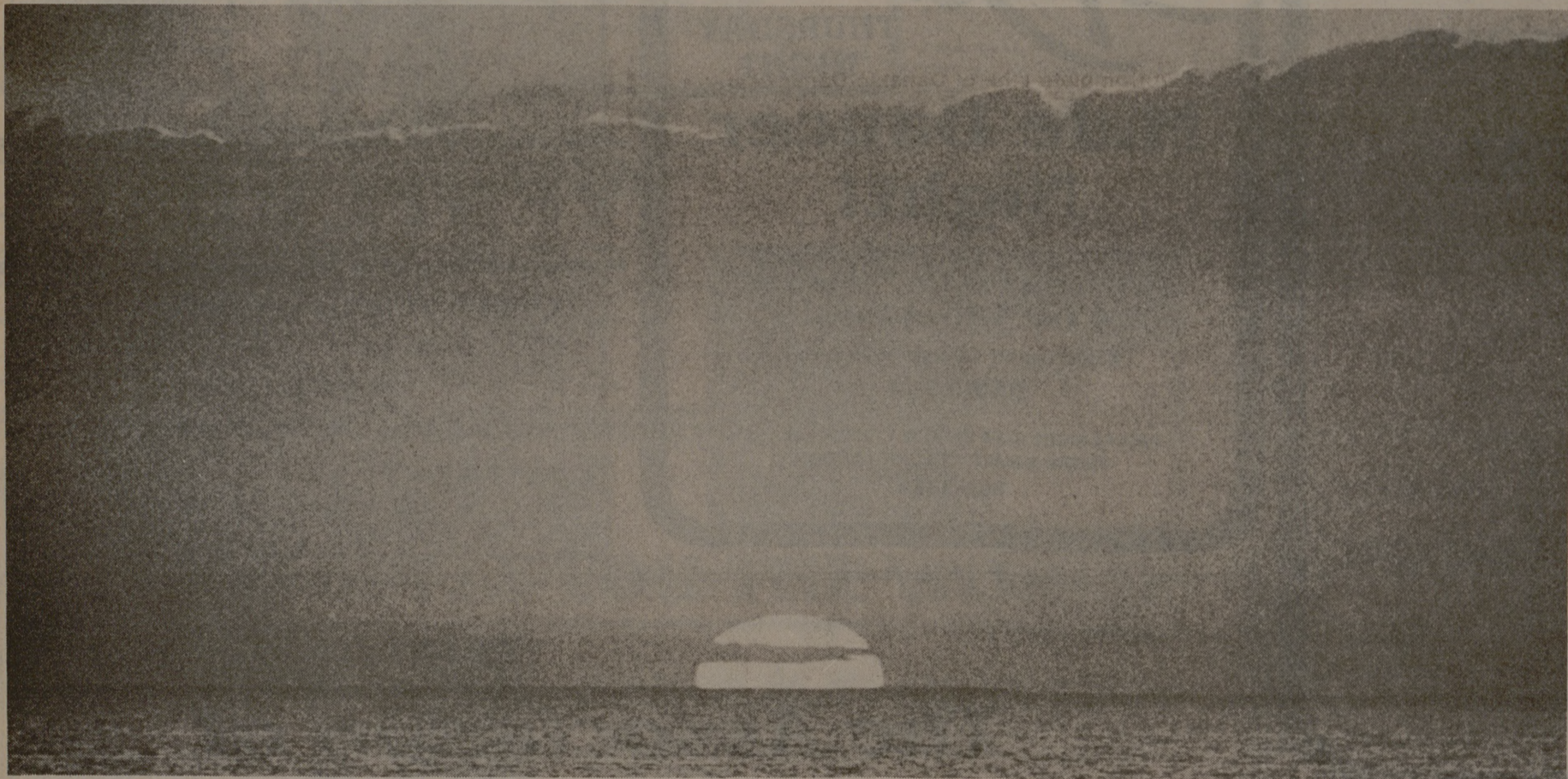
—To approve plans to allow Federal Home Loan Mortgage Corp. and Federal National Mortgage Corp. to develop guarantees for conventional mortgage securities under private auspices.

—To direct the Department of Labor to remove overly restrictive rules so more private pension funds can be used to buy mortgage-backed securities.

—To pass the proposed Jenkins bill to make it possible to generate mortgage funds "via free monies" the way the Savers interest tax exemption portion of the 1981 tax law is allowing money into savings accounts.

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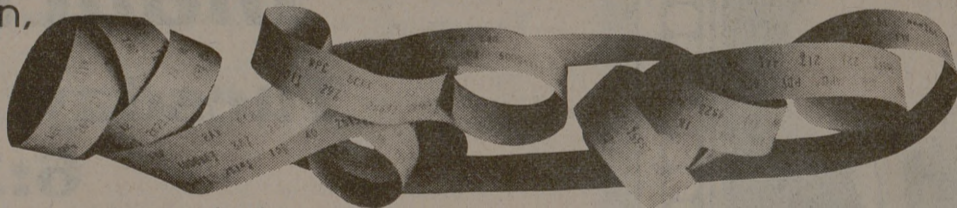
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