

NYSE SEAT PRICES PLUNGE TO 5-YR. LOW

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JOHN REED
Big Board boss.

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October 22, 2003 -- The price of a New York Stock Exchange seat has plunged to its lowest level in almost five years, showing the exchange still hasn't shaken off concerns about its future.

Two Big Board seats sold yesterday for \$1.35 million each, a 27 percent decline since the last sale on Sept. 18. In August 1999, a seat was sold for a record \$2.65 million.

"It's reflective of all the risks and uncertainty revolving around the exchange, both the ongoing profitability and the effectiveness of the exchange," said Rich Repetto, an analyst at Putnam Lovell NBF.

Owning or leasing a seat on the exchange entitles a member to buy and sell securities. Prices of the seats are based on supply and demand, which fluctuates along with economic conditions, the health of the brokerage business and trading volume.

An exchange spokesman declined to comment on the lower price.

The NYSE has been hammered with bad news recently. First came the board's unceremonious ouster of former chairman Dick Grasso over his \$189 million pay package and the governance practices that allowed him to be awarded so much.

Then last week, the Big Board said it intends to levy substantial fines on five of its specialist firms for trading ahead of customer's orders.

A letter sent by interim chairman John Reed to the membership yesterday clarified that the specialist probe, which examined every stock traded over a three-year period, found that "substantially less than 1 percent of all trading activity [appeared] to have violated NYSE rules."

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