

SECURITIES AND EXCHANGE COMMISSION
Washington, DC

OFFICE OF THE CHAIRMAN

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Gentlemen:

This letter relates to our concern as to the progress of the exchanges in dealing with the problem of give-ups, volume discounts and related commission rate structure problems. This subject has been the basis of much discussion between representatives of the Commission and the securities industry. The Commission's Report on Public Policy Implications of Investment Company Growth points out that the Commission has asked the national securities exchanges to consider changes in their commission rate schedules. The report

also states that if changes recommended by the exchanges do not substantially reduce the adverse effects of give-up and reciprocal practices, the Commission will consider additional steps to deal with these problems.

The Commission has received inquiries from many interested parties inquiring as to the status of your consideration of these matters. During the period since these questions were originally raised, exchanges have made and are contemplating changes in their rules and practices which could result in complicating further a satisfactory resolution of these problems.

Therefore, it is urgent that these questions be considered on a priority basis and that the Commission receive the views of your Exchange as soon as possible.

Sincerely,

Manuel F. Cohen
Chairman