

CHICAGO MERCANTILE EXCHANGE

Charles M. Seeger III
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September 28, 1987

The Honorable David S. Ruder
Chairman
Securities and Exchange Commission
450 5th Street, NW
Room 6000
Washington, DC 20549

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Dear Chairman Ruder:

The attached commentary on program trading from the New York Times interestingly places perceptions in perspective.

Professor Malkiel of the Yale Management School challenges the anecdotal notion that equity volatility has increased. Malkiel also notes that consistent relationships exist between stocks, bonds, currencies, and inflation: periods of heightened uncertainty see greater movement. He concludes by writing that program trading "represents a very healthy development" improving the effectiveness of portfolio management.

I wanted you to see this; short articles beat tomes. Educational efforts on the Hill seem to be paying dividends. Take care.

My best regards,


Charles M. Seeger

Enclosure