



THE CHAIRMAN

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Wou: H

February 6, 1995

The Honorable Barbara Boxer
United States Senate
Hart Senate Office Building
Suite 112
Washington, D.C. 20510-0505

Dear Senator Boxer:

Thank you for your letter, dated January 23, 1995, in which you expressed concern regarding suitability standards for the sale of government securities to municipalities.

As you know, the National Association of Securities Dealers, Inc. ("NASD") has asked its membership to comment on a proposed Interpretation to its Rules of Fair Practice dealing with suitability obligations to institutional customers. The comment period has expired, and the NASD is reviewing the comment letters. To date, the NASD has not filed the proposed Interpretation with the Commission.

Please be assured that the Commission intends to review carefully the NASD's proposed Interpretation. The Commission appreciates the issues you have raised for its attention. The Commission continues to believe that suitability issues are an important component of investor protection and public confidence. We look forward to working with the industry to develop appropriate standards.

Sincerely,

A handwritten signature in black ink, appearing to be "A. Levitt", written over the printed name.

Arthur Levitt