

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

DIVISION OF  
TRADING AND MARKETS

October 13, 1971

Mr. Milton H. Cohen  
Schiff Hardin Waite Dorschel  
& Britton  
231 South LaSalle Street  
Chicago, Illinois 60604

Dear Mr. Cohen:

The Commission has reviewed the material that has been submitted concerning the Chicago Board of Trade's proposed options exchange. Based on the material presented to date, the Commission finds that in principle the proposed options exchange does not appear to be inconsistent with relevant statutory requirements and standards. Eventual approval would, of course, be contingent upon a Commission finding that adequate regulatory standards for the protection of investors are developed and implemented.

The Board of Trade has indicated that it plans to begin operation with the initiation of a pilot program, and the Commission agrees that this would be an appropriate approach. To the extent possible the pilot program should be designed to serve as a complete test of the feasibility of a full scale market and of the Board's capacity to provide adequate regulation. The Board may wish, therefore, to prepare additional material for such a pilot program for our consideration and review. If we can be of any further assistance, please do not hesitate to contact us.

Sincerely yours,

Irving M. Pollack  
Director