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# United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

October 22, 1987

The Honorable David S. Ruder  
Chairman  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, D.C. 20549

Dear Chairman Ruder:

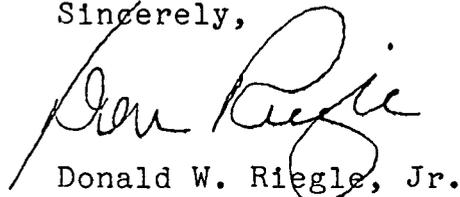
The purpose of this letter is to request on behalf of the Securities Subcommittee of the Senate Banking Committee that the Commission begin the task of reconstructing the events of this past week in the financial markets.

Among other things we need to determine the nature of the selling -- the amount of institutional selling, program selling, and mutual fund selling; the role played by portfolio insurance; the impact of derivative products; the extent of the safety net in this type of market; and the coordination and relationship between futures markets and the stock markets.

I am also concerned and want to learn how the individual, as opposed to the institutional investor, has been treated, and whether he or she has been given the same consideration as the large trader, in the placement of his or her orders during any part of this process.

Once we begin to get a clearer picture of recent events I plan to schedule hearings so that we can review them together and consider the major policy implications.

Sincerely,



Donald W. Riegle, Jr.  
Chairman  
Subcommittee on Securities