



THE CHAIRMAN

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

March 26, 1997

The Honorable Richard M. Daley
Mayor
City of Chicago
President, U.S. Conference of Mayors
121 N. LaSalle Street
Suite 507
Chicago, IL 60602

Dear Mayor Daley:

Thank you for your recent letter expressing your concerns about reported practices of "yield burning," both as issuers of municipal securities and as purchasers of Treasury securities. As you know, the integrity of the municipal securities markets has been a centerpiece of my work as Chairman of the Commission.

I would be delighted to meet with you to hear your concerns in this area. While my schedule does not allow a meeting on April 14th, I have asked Paul Maco, the Director of our Office of Municipal Securities, to arrange a mutually convenient time as soon thereafter as possible. I have also asked William McLucas, the Director of our Division of Enforcement, to join us.

Looking forward to our discussions.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur Levitt".

Arthur Levitt