

FEB 4 1977

Mr. Gordon S. Macklin, President  
National Association of Securities Dealers, Inc.  
1735 K Street, N.W.  
Washington, D. C. 20006

Dear Mr. Macklin:

As you know, with the advent of standardized call options, it has become increasingly common for both public customers and market professionals to trade in both standardized options and in the underlying stocks. Because interrelated trades in the options and the stocks are most often effected in separate markets administered by different self-regulatory organizations, we believe that surveillance for anti-manipulative purposes could be enhanced if staff members of the concerned self regulatory organizations and the Commission were to meet to discuss the problems of, and the methods for, improving such surveillance.

To this end, the Division is inviting each self-regulatory organization which trades, or may soon commence trading in, standardized options, or which is the primary market for the equity stocks underlying those options, to an informal meeting to discuss this area of mutual interest. We emphasize that the meeting is not intended as a Commission rulemaking proceeding or hearing, but rather as a discussion and problem solving colloquium on the discovery of potentially manipulative or fraudulent conduct. In this regard, we suggest that supervisory surveillance personnel are the most appropriate attendees.

We have reserved Room 776 at the Commission's headquarters, 500 North Capitol Street, Washington, D. C. on Thursday and Friday, February 24-25, 1977, for such a meeting. It will commence at 10:45 a.m. on Thursday, February 24, 1977. We encourage your full

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participation. Please contact Mr. Richard J. Morrissey, Special Counsel for Options, either at the letterhead address or at 202-755-2946,

Very truly yours,

Sheldon Rappaport  
Associate Director

cc American Stock Exchange, Inc.  
Chicago Board Options Exchange, Incorporated  
Midwest Stock Exchange, Inc.  
New York Stock Exchange, Inc.  
Pacific Stock Exchange Incorporated  
Philadelphia Stock Exchange, Inc.

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