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December 8, 2009

via e-mail and U.S. Mail

Mr./Ms. XXXX XXXX
Title
Firm
Address
City, State Zip

Re: Survey of Outsourcing Practices

Dear Mr./Ms. XXXX:

The Regulatory Risk Group of NYSE Regulation is reviewing the general practices among members and member organizations relating to the control environment for outsourcing various functions of the broker-dealer (“the firm”). Under the umbrella of outsourcing, we will be reviewing the policies and procedures around the practice of contracting with unaffiliated third party service providers that perform certain functions for the firm, as well as contracting with foreign and domestic affiliates. This excludes contracting with SROs or with settlement and clearance organizations. In addition, we are interested in the policies and procedures concerning moving certain activity outside of the firm’s current operating structure (e.g., insourcing, centers of excellence).

We have prepared a survey which seeks to learn about your firm’s general practices regarding outsourcing activities central to its functioning as a broker-dealer. We would also like to understand how your firm assesses the risks inherent with outsourcing and how your firm mitigates those risks.

Your response will enable us to summarize and analyze emerging trends and identify industry best practices regarding outsourcing, with the ultimate goal of determining whether there is a need to undertake new initiatives related to this subject matter, including, but not limited to, issuing additional guidance to firms.

Additionally, while not mandatory, we would also be interested in receiving copies of relevant guidance, procedures, forms, and reports (representative samples are acceptable) and additional text submissions that you may wish to provide to supplement your survey response. It is not our intent to capture the details of all your outsourcing arrangements; we would like to know the key elements common to your outsourcing practices, as well as the extent to which your outsourcing practices differ (e.g., based on type of activity or to whom the function is outsourced).



A printed copy of the survey is enclosed for your reference. An electronic copy of the survey has been sent to you by secure e-mail. Instructions on accessing and responding to the secure e-mail are enclosed.

Please access the electronic version to complete the survey. You may send the completed survey via secure e-mail or US mail to one of the following addresses:

Email:

riskgroupsurveys@nyx.com

U.S. Mail

Frederic Krieger
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20 Broad Street
Mail Stop: 30B/5th Floor
New York, NY 10005

Should you have any questions regarding this survey, or if you would like to discuss any aspect of this exercise, please do not hesitate to call me at 212-656-4517 or one of the following individuals:

Bill Gilroy -	212-656-5685
Betsy Minkin -	212-656-4841
Jim Wilmoth -	212-656-4919

We would appreciate receiving your response to the survey within four weeks of the date of this letter. If you should require additional time, please contact one of us at your earliest convenience.

In addition, after the receipt of the information we may ask you to meet informally at a mutually convenient time to discuss your firm's practices further.

Please advise us of the name and contact information of the person who will be your firm's principal contact on this matter.

The Regulatory Risk Group at NYSER thanks you for your participation and cooperation in this review.

Yours sincerely,