

# NYSE Regulation

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May 21, 2008

Mr. John Smith  
Title  
Address  
New York, NY

Re: Market Orders and other Facilitation Orders at or near the Close

Dear Mr. Smith:

The Risk Group of NYSE Regulation is reviewing the general practices among member firms relating to the control environment for the handling of sizable market orders or other facilitation orders at or near the close that could have an adverse, manipulative impact on the closing price of the security.

The Risk Group's focus is to determine: (1) how member firms handle large market or other facilitation orders at or near the close, (2) the scope and content of internal guidance to sales-traders or position traders related to such orders, (3) other related training and education, (4) supervisory guidelines and procedures, (5) real-time reviews/approvals, (6) after-the-fact supervisory or operational reviews, (7) relevant guidelines/rules regarding notification and/or escalation, (8) relevant Compliance Department surveillance or other oversight and (9) whether there is a need to issue additional guidance to the industry on this subject matter.

For ease of reference, you may wish to refer to the following NYSE Rules and Information Memos: NYSE Rules 342, 401, 405, 476(a) (2), and NYSE Information Memos 95-28, 04-63, 05-52, and 08-10. The Information Memos specifically encourage the proper handling and control environment (including supervision) reasonably designed to assure that such activity meets relevant NYSE rules and federal securities law requirements.

We would appreciate it if we could receive preliminary information responsive to this request, including but not limited to copies of relevant guidance, procedures, forms, and reports (representative samples are acceptable), within three weeks of the date of this letter. We would also be interested in any text submission on the substantive questions, above, that you may wish to provide. Please call me upon receipt of the letter so that we can discuss this information request, including the

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timing and scope of your reply and answer any questions you may have. In addition, after the receipt of the information we would like 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.

Of course, if you have any questions, please contact me or my colleague in the Risk Group, Jim Wilmoth ([jwilmoth@nyx.com](mailto:jwilmoth@nyx.com); 212-656-4919).

Yours sincerely,