

**Richard A. Grasso**  
*Chairman and Chief Executive Officer*

New York Stock Exchange, Inc.  
11 Wall Street  
New York, NY 10005



May 14, 2003

Hon. William H. Donaldson  
Chairman  
United States Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

Re: Review of NYSE Governance

Dear Bill:

The Exchange shares the Commission's goal of ensuring that the Exchange reflects the highest standards of ethics and transparency in its own governance. To that end, our Board of Directors has formed a special Governance Committee and charged it with reviewing our governance with a view to making appropriate reforms that will ensure that we serve even better the 85 million people who invest, directly and indirectly, through the Exchange.

In response to your letter dated March 26, 2003, I want to let you know the process that the Committee has established for evaluating our governance structure.

To encourage our constituents to share their views with us on how to improve our governance, the Committee will ask organizations and individuals representing our constituents to make written submissions. The Committee will also hold several days of hearings. With the benefit of this commentary, the Committee will review all aspects of the Exchange's governance and present its findings and recommendations for changes to our Board. As you know, our Corporate Accountability and Listing Standards Committee followed a similar process in formulating its recommendations on the governance of our listed companies.

To facilitate comment, the Committee will make a summary of the Exchange's governance structure available to all those who wish to share their views. A copy of the current version of the summary is enclosed. We welcome comments and suggestions from the Commission on the summary, which we will reflect in the version we circulate.

We look forward to working with you and your staff as we move through this important undertaking.

Sincerely yours,

Dick Grasso

cc: Annette Nazareth  
Enclosure