



July 8, 2014

The Honorable Alan Grayson  
U.S. House of Representatives  
430 Cannon House Office Building  
Washington, DC 20515

Dear Congressman Grayson,

Thank you for your inquiry about our efforts concerning cyber security. I am glad that you share our interest in this important issue.

Cyber attacks are increasingly a major threat to our financial system. As such, enhancing cyber security is a top priority for the financial services industry. SIFMA believes we have an obligation to do everything possible to protect the integrity of our markets and the millions of Americans who use financial services every day.

During the course of the past several years, SIFMA has brought together experts from across the public and private sectors to better understand the risks involved with a cyber attack and how the industry can be best prepared to thwart an attack. We have held several simulation exercises designed to simulate a cyber attack and prepare for contingencies resulting from such an attack.

In 2013, SIFMA's Quantum Dawn 2 exercise simulated a cyber attack on the financial industry with over 500 participants from over 50 entities, including various U.S. government agencies. The event was successful and SIFMA is planning a similar exercise for 2015.

However, the threat increases every day. SIFMA and its members have undertaken additional efforts to develop cyber defense standards for the securities industry sector as a follow on to the recently published NIST standards. And we are developing enhanced recovery protocols for market participants and regulators in the event of an attack that results in closure of the equity and fixed income markets. We are undertaking this work in close collaboration with our regulators and recently held a meeting to brief them on our progress. And, we plan to increase our efforts even further as the risks are too great for current efforts alone.

We know that a strong partnership between the private sector and the government is the most efficient way to address this growing threat. Industry and investors benefit when the private sector and government agencies can work together to share relevant threat information. We would like to see more done in Congress to eliminate the barriers to legitimate information sharing, which will enable this partnership to grow stronger, while protecting the privacy of our customers.

Washington | New York

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With respect to your question regarding our use of outside contractors, SIFMA, like other trade associations, industry and government, often engages highly respected former government officials who bring critical subject matter expertise. And this is certainly true with respect to cyber defense.

Understanding that cyber security is a top priority of the federal government and the financial services industry, we intend to make every effort to insure the safety of our members' clients and the markets, and we look forward to working with you and Congress in achieving the necessary policies and safeguards the American people deserve and expect.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ken Bentsen", with a long horizontal flourish extending to the right.

Kenneth E. Bentsen, Jr.  
President and CEO