

June 11, 2009

To: SEC
From: Alan Sherbin, Individual Investor
Re: Comments to Uptick Rule Proposal

As you have heard many comments with respect to re-implementing the uptick rule in some form, I will confine my remarks to its potential effect on one segment of the marketplace.

As you know, convertible securities have taken on an increasingly important role in the capital markets with recent events being what they are. Convertible securities allow firms to raise capital at a much lower interest rate, as these securities function as a debt/equity hybrid. In this economy, that could be the difference between a firm surviving or not.

In order for convertibles to bring that benefit to firms of all kinds, the convertible markets must maintain their efficiency. Much of that efficiency exists due to the convertible arbitrage community. Convertible arbitrage keeps these convertible securities from trading under parity, thus assuring firms the lower interest rates they seek. As you know, this occurs as arbitragers purchase the convertible securities and "short" the stock it converts into at the appropriate ratio set forth by the convertible security's prospectus, thus keeping pricing in line.

If convertible arbitragers do not receive an exemption from the uptick rule, in whatever form it takes, this behavior will cease and the convertible market will lose its efficiency. This would greatly harm this important capital marketplace.

Prior to the uptick rule being repealed, this exemption existed for bonafide arbitrage activity. My request of this committee is that they are mindful of the harm a new uptick rule would do to the convertible marketplace if an exemption for convertible arbitrage does not accompany any new short sale restrictions.

Thus, I urge you to exempt bonafide convertible arbitrage activity from any new uptick rule. I ask that if you reinstate the uptick rule, you also reinstate the exemption for this important economic function.

Thanks you for your time and consideration.

Respectfully submitted,

Alan Sherbin