

June 08, 2009

Mrs. Elizabeth Murphy
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington DC, 20549-1090

Ref. File No: S7-08-09

Dear Mrs. Murphy,

I am writing to you to express my opposition to the reinstatement of the uptick rule. In light of recent turmoil in global financial markets brought on by the current subprime and credit crises, it is appropriate for the SEC to examine all possibilities for reform in the financial system. However, I do not think that the uptick rule should be one of those reforms because it will create a market that is inefficient, less liquid, and more susceptible to drastic price swings.

One of the questions that has arisen from the debate over the uptick rule is whether markets would have fallen as dramatically last fall had there been an uptick rule or circuit breaker in place. To answer this question, one need only look to international markets that had some form of uptick rule in place. In many instances, international markets were more volatile than US equity markets and had more dramatic price declines. In addition, the uptick rule would not have changed the fact that companies were overleveraged and made bad bets on the assumption that the US real estate market would never experience a correction. Individuals and institutional investors would have sold stocks regardless of an uptick rule. I think that the SEC should have a mandate to restrict short sales only in emergency situations, as it did last fall when it restricted the short sale of numerous financial services companies.

The recent proposal to reinstate the uptick rule seems to be a reactionary measure that is being pursued for political, rather than economic, reasons. Regulation SHO was studied thoroughly from 1999 to 2006 by academics, professionals and regulatory agencies, and it was found to have little impact on equity markets. Although there is a natural desire to take action and try to prevent future economic crises through more regulation, I believe the SEC's time would be better served if it were to focus on more significant failures in our financial system, such as the role of the ratings agencies in the recent subprime crisis or further investigation into the spread of false rumors by certain hedge funds. After seven years of examination, I do not think there needs to be any more time devoted to debating the worth of the uptick rule.

Sincerely,

James Parkin