

June 3, 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,

Every legal short sale involves two transactions. The first transaction involves a party willing or wanting to lend stock, perhaps for a fee or interest, and a parting wanting to borrow a stock. There is also a transaction between the short seller and a buyer. Any type of short selling ban doesn't just impact the short seller it also hurts the party looking to lend stock and the party looking to buy that stock.

Short sellers also increase the liquidity and volume in the market. This increased liquidity helps reduce the cost of trading in the market by helping people get better prices on their buys and sells. Lower transaction costs help all people in the stock market. Any short selling ban hurts liquidity in the market, and hurts people who are looking to lend their shares or buy shares from short sellers.

I am also under the impression that the SEC did a thorough study of the uptick rule and found that the rule was ineffective at stopping the decline of a stock or the market. I am also under the impression that this was the reason that the uptick rule was abandoned in the first place. It is clear to me that there is no benefit to any short sale ban and it is clear that there are people hurt by one.

The market is meeting place of countless individuals and until you can change human nature there will be irrational moves to the downside as well as the upside. The market is not a sure bet, it is a place were people take risks. If people were fraudulently led to believe that the market was a sure thing then it is not the short seller's fault.

Some people point to naked short selling as a bad thing. I agree with these people, naked short selling is fraud. A party should not be able to sell stock they don't own or have located and agreed to borrow. However, the abuses of naked short sellers should not be reason to punish the legal short sellers. Naked short selling should be prevented and persecuted.

I would like to put forth my vote against the uptick rule or any type of short selling ban.

Sincerely,
Matthew Geller