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 urge caution in the review for the proposed reinstatement of the so-called "uptick rule" that had been active in equities markets under the purview of the SEC up until mid-2007. It is my considered opinion that, though the reinstatement of some kind of "uptick rule" (with the implicit intent of impeding the establishment of a short equity position) may at the moment seem like a relatively easy (and popular) action to encourage market stability, such backward-looking risk control measures are likely to be at best only moderately helpful toward the stated goal of market stability, and at worst a dangerous distraction from investigating deeper causes of crises in the securities markets.

As manager of an equity-long portfolio, I have little to no personal interest in the shorting of equities or any rule the SEC may make regarding the logistics of such transactions. Thus, my objection to the enactment of further regulation of short selling at this time is purely academic and, as such, without motivation for personal gain. My concern is first and foremost the integrity of capital markets domestically and abroad.

Having seen the inexcusably poor scholarship that informed the SEC's decision to suspend the "uptick rule" in 2007, I cannot conceive of the circumstances by which the SEC would be appropriately counseled to reinstate or implement variants of said rule at the present time. Indeed, I am discouraged by the haste of the SEC to consider reinstating some kind of "uptick rule," since such haste seems to indicate the SEC has made no firm commitment to change its institutional approach to understanding and mitigating risk, especially with regard to the increasing number of unregulated modern financial products. The barriers to proving a causative relationship between the repeal of the "uptick rule" and the subsequent collapse of several financial institutions seem too great to have been established in a few weeks' time.

That being said, the appropriate response cannot be inaction on the part of the SEC or other SROs. With the SEC's relative inaction toward the rise of modern non-fungible assets, many doors to profitability through the use of creative accounting at the expense of market stability and long-term viability have been opened. It is imperative that the SEC, in its mandate to maintain an orderly marketplace, looks outside the equities marketplace for destabilizing influences.

The reputation of modern derivatives contracts (CDS and otherwise) as being too complex to be understood let alone controlled belies the simplicity of most of the contracts, especially if they were to be created and traded through a supervised construct such as an options exchange like traditional derivatives contracts. Not only would this be

a better use of the SEC's resources for the time being, there is a much clearer causative role of such contracts in the recent system failure as evidenced by a growing corpus of academic research and, importantly, analysis by top money managers and financial leaders (Buffett and Soros, among others).

To make a crude analogy, if a young child rides his bicycle onto a busy highway, causing an accident with grievous injury, the subsequent inquest would be irresponsible to focus on the decision of his caretakers to remove his training wheels the prior week. Instead, the more effective way of understanding this accident, with the intent of taking steps to avoid further tragedy, would be to question why the aforementioned caretakers remitted a young child, explicitly or implicitly, to his own cognizance in his decision to ride his bike on the highway.

Sincerely,

Matt McNamara