



April 26, 2007

Ms. Nancy M. Morris  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RE: File Number S7-12-06

Dear Ms. Morris:

The U.S. Chamber of Commerce is the largest business federation in the world, representing the interests of some three million companies of every size and industry. We continue to believe that fraudulent naked short selling remains a serious problem for a number of public companies, and we appreciate the opportunity to provide additional comments to the U.S. Securities and Exchange Commission (SEC) on its proposed amendments to Regulation SHO.

As mentioned in our previous letter dated September 13, 2006, Regulation SHO, which sought to address the problem of naked short selling, did result in some significant improvements. We remain convinced, however, that serious settlement failures persist and companies are still on the Threshold List for too long. As previously noted, these companies have an extremely limited capacity to redress the situation because they are unable to obtain pertinent information about the failures that are affecting the trading in their stocks. Increased disclosure and transparency would be beneficial to this situation.

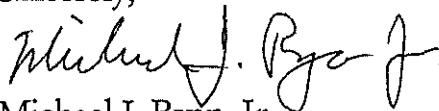
The U.S. Chamber supports the SEC's proposal to eliminate the "grandfather provision" and tighten the close-out requirement under the market maker exception. The additional data provided by the National Association of Securities Dealers supports the benefits of these proposed changes. We would like to note, however, that the data demonstrates that 79% of the persistent fails under the time frame studied would be eliminated with the SEC's current proposal. We remain concerned about the companies who remain on the list for extended periods of time.

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Accordingly, we would like to reiterate our support for the implementation of additional reforms as explained in our letters dated September 13, 2006, and January 23, 2007. First, we believe that the SEC should provide issuers and investors with increased transparency by reporting the aggregate daily volume of fails in securities included on the Threshold list. Second, we support a requirement that all short sellers of threshold securities either (i) have possession of the stock in questions, (ii) have entered into a bona fide contract to borrow in advance of the sale, or (iii) have identified the security on an "easy-to-borrow" list. Third, we believe that the SEC should require institutional investors to include short positions as part of their disclosures under cover of Form 13F in order to provide issuers and investors with a greater understanding of trading activity without compromising the proprietary trading strategies of institutional investors.

In summary, short selling plays a critically important role in our capital markets, and the Chamber strongly supports policies that flexibly allow for legitimate short selling. However, under the current system there are still too many naked short sales that are not legitimate. We applaud the SEC's review of the problems presented by abusive naked short selling, and we strongly urge the SEC to finalize its proposed rules in a timely manner.

Sincerely,



Michael J. Ryan, Jr.

Senior Vice President and Executive Director  
U.S. Chamber Center for Capital Markets  
Competitiveness

cc: Christopher Cox, Chairman, U.S. Securities and Exchange Commission  
Paul S. Atkins, Commissioner, U.S. Securities and Exchange Commission  
Roel C. Campos, Commissioner, U.S. Securities and Exchange Commission  
Kathleen L. Casey, Commissioner, U.S. Securities and Exchange Commission  
Annette L. Nazareth, Commissioner, U.S. Securities and Exchange Commission  
Erik Sirri, Director, Division of Market Regulation, U.S. Securities and  
Exchange Commission  
John W. White, Director, Division of Corporation Finance, U.S. Securities and  
Exchange Commission