

BASSO

Capital Management, L.P.

October 2, 2008

U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Commissioners and Staff:

Please accept the sincere thanks of Basso Capital Management, L.P. for your time and consideration at the meetings arranged by the Managed Funds Association on Wednesday, October 1, 2008.

Basso is extraordinarily grateful for the time that you spent with the team of MFA delegates present at the meetings, the constructive discussions that ensued and the Commission's subsequent decision to extend the emergency orders while preserving the confidentiality of Form SH information filed during the pendency of the emergency orders.

We recognize how deeply committed you are to ensuring that the potential for additional market dislocation is not increased by any future rulemaking. The meetings left us optimistic that any future rulemaking relating to short selling will include provisions that address the ideas discussed at the meetings.

While Basso generally concurs with the views expressed by all of the MFA member firms represented at the October 1, 2008 meetings with the Commission, we care most deeply about relief for hedging convertible bonds, as one of the funds managed by Basso operates a convertible-focused strategy managing nearly \$1 billion of assets on behalf of investors that include pension funds and other investors whose capital we are seeking to protect. On the Staff's suggestion, we have encouraged concerned issuers to vocalize their support for a hedging exemption that applies to convertible bonds, and understand that at this time you have received such messages, including one from the U.S. Chamber of Commerce. It is our understanding and belief that notwithstanding the fact that would-be issuers of converts can request removal of their corporation's names from the no-short list, it is highly unlikely that any CEO/CFO would be brave enough to take such action and become the test case for re-allowing short sales in such firm's stock (as removal from the list not only would permit shorting to hedge the convertible bonds, but would allow shorting in general).

Basso remains fully committed to supporting the Commission, in whatever way we can, in the Commission's efforts to construct regulation that preserves the stability and integrity of the capital markets and that punishes market manipulation on the part of naked short sellers and/or rumor-mongers. We would welcome the opportunity to continue a dialogue with the Staff on these and other matters.

You have our most sincere appreciation for your valuable time and willingness to engage in a direct dialogue with us.

Very truly yours,



Susanne V. Clark
Basso Capital Management, L.P.