

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

THOMAS J. DONOHUE
PRESIDENT AND
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July 18, 2008

The Honorable Christopher Cox
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Chairman Cox:

I would like to commend the Commission for taking quick and decisive action on Wednesday by issuing an emergency order to enhance investor protections and restrict fraudulent, abusive naked short selling directed towards certain major financial institutions.

We urge the SEC to move from this emergency order to quickly propose and adopt workable long-term solutions that will thwart manipulation without impeding or unduly encumbering the ability of legitimate investors to easily sell stocks short. We share your view that short selling is essential to liquid and well-functioning markets.

Further, as the Commission looks to a long-term solution, we strongly urge the you to extend the emergency order as necessary as well as to appropriately expand its scope beyond the 19 firms to cover additional financial institutions with similar issues. Of particular concern should be the large regional banks that are critical to both national and local economies. We also urge the quick adoption of the proposed changes to RegSHO.

The SEC has a duty to take all reasonable steps to address manipulation, rumor-mongering, and abuse on both the long and short side of the markets. More broadly, the U.S. Chamber has expressed concern to the SEC for years about the impact of these crimes on public companies of all sizes and industries.

The Honorable Christopher Cox
July 18, 2008
Page Two

In adopting a comprehensive solution, the SEC should be guided by two essential objectives:

1. The scope of the initiative should be targeted to manipulative activity, but should include all public companies facing abusive, fraudulent activity. For example, we previously urged the SEC to consider whether all short sellers of threshold securities should either (i) have possession of the stock in question or (ii) have entered into a bona fide contract to borrow in advance of the sale.
2. The SEC should not impede or restrict legitimate short selling or impose unworkable and unnecessary compliance burdens that would discourage legitimate market activity.

We applaud you for your continued leadership in these extraordinary times. Your actions are critical to preserving well-functioning liquid markets, thwarting illegal naked short selling and bringing increased protections to investors and confidence to the market. Please do not hesitate to contact me if I can be of any assistance.

Sincerely,



Thomas J. Donohue