

THE FINANCIAL SERVICES ROUNDTABLE

Impacting Policy. Impacting People.

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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

Dear Chairman Cox:

The Financial Services Roundtable ("Roundtable") represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Since our membership represents various sectors of the financial services industry, there are differing opinions as to whether the recent Emergency Order ("Order") of the Securities and Exchange Commission ("Commission") on naked short selling is the correct action to take in the current market. Among our membership, there is strong support for the Commission's underlying intent in issuing the Order. The Roundtable supports the Commission's efforts to curb illegal practices such as naked short selling, dissemination of rumors, and market manipulation through enhanced enforcement. We encourage the Commission to continue in these enforcement efforts.

The Roundtable recommends that the Commission consider making adjustments to the Order, beginning in the week following its implementation. In discussing the Order, our members foresee both positive and negative consequences that may immediately result from the Order's implementation. Some cite the market's positive response to the Order, illustrated by the decreased volatility in the market. Others cite the negative impact of increased transactional costs associated with compliance of the Order's stock-borrow requirements. Some of these costs appear to be unnecessary to conduct an orderly market.

Many of our members contend that all financial services companies should be afforded the same protections that this Order intends and that by limiting application of the Order to the shares of the 19 firms identified, the Commission could create the unintended consequence of inappropriately motivated naked short selling of other financial stocks, causing some firms to become even more vulnerable to the abuses described in the Order. We urge the Commission to consider broadening the scope of the Order to cover the stocks of all financial services companies.

The Roundtable believes that the Order should remain in place for a minimum of 30 days in order to adequately address the problem. During this time, the Commission should

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gather information from the market to determine whether a new rule should be proposed through the Commission's rulemaking procedures or whether a new or supplemental Order should be implemented based on these findings. In particular, the Commission should examine the effects of this Order on the market to determine the consequences to the market, such as a positive or negative impact to the current practices of short selling, a change in the liquidity of the market, and an impact on the safety and soundness of financial institutions.

Adding to the current discussion on this Order, the Roundtable has heard vigorous debate from our members on the positive or negative effects of the elimination of the "Uptick Rule." Some of our members believe the elimination of this Rule has contributed to increased volatility in the market, as well as possible market manipulation. Others contend that the elimination of the Uptick Rule has created positive effects on the market. The Roundtable will continue to discuss this issue and will provide the Commission with the results of these discussions within the next few months.

In short, we commend the Commission for taking steps to curb naked short selling. This Order should be kept in place for 30 days, with modifications as appropriate, and then evaluated for its longer term implications after the Order expires.

Thank you for your leadership on this issue. I look forward to working with you on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Steve Bartlett". The signature is written in a cursive style and is positioned above a solid horizontal line.

Steve Bartlett
President and CEO

cc: Commissioner Paul Atkins
Commissioner Kathleen Casey
Commissioner Elisse Walter
Mr. Erik Sirri, Director, Division of Trading and Markets