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Congress of the United States
House of Representatives
Washington, DC 20515-1308
May 28, 2010

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The Honorable Mary Schapiro
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Schapiro:

I greatly appreciate the steps taken by you and the Securities and Exchange Commission (SEC) to analyze the severe market disruption that occurred on May 6th and to identify regulatory actions necessary to protect investors.

While I commend the Commission's swift action to propose new circuit breaker rules, I am concerned that by limiting the rules to the issuers in the S&P 500, other issuers will be vulnerable to continued market volatility. This is especially true of issuers that were most severely impacted on May 6th.

For example, I understand that of the 98 issuers that traded at a penny on May 6th; only two are in the S&P 500. I also understand that of the 99 securities that were not an Exchange Traded Fund (ETF) and had trades broken; only 12 are S&P 500 stocks.

While the Commission and the self-regulatory organizations have announced their intention to make appropriate adjustments and expand the list of covered issuers as soon as practicable, there appears to be no rational basis for excluding the issuers who were severely impacted. If another similar market event occurs, these issuers could be left unprotected and experience unexplained share price volatility.

I urge the Commission to address these gaps in the proposed rule and establish a circuit breaker rule that effectively addresses the events of May 6th. There are number of ways that this could be done, including expanding the pilot to include both the S&P 500 and the issuers whose price dropped to one penny on May 6th. Alternatively, the proposal could be expanded to include issuers hardest hit by the May 6th drop as identified by the listing markets.

Thank you for your service at the SEC and your attention to this matter.

Sincerely,


Melissa L. Bean
U.S. Representative (IL-08)

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