

**To:** CHAIRMANOFFICE  
**Subject:** "Naked" short selling

I respectfully request something be done regarding the REG SHO. I am copying two messages below, which I believe reflect the sentiments of many retail stockholders across our country.

Please help with this issue as soon as possible. This is too painful for our economy; and taking out & out illegal advantage of the law.

Go to most any web message boards and you will see so many frustrated investors.

Very truly yours,  
FJones  
Memphis, TN

-----  
**Subject: File No. S7-19-07**  
**From: Bob Smith**

March 4, 2008

Some of the largest ETFs are on REG-SHO

Why Why Why

An article from market watch states:

--

BOSTON (MarketWatch) -- A half-dozen exchange-traded funds are showing short interest levels greater than 100% due to multiple borrowings, Morgan Stanley analysts said Friday.

Retail HOLDERS (RTH) had short interest of a whopping 308% in September, while Regional Bank HOLDERS (RKH) stood at 162%

--

<http://www.marketwatch.com/news/story/some-etfs-sport-high-short-interest/story.aspx?guid=305171C2-23FB-445B-8719-89F11F8AF8EF>

Bespoke Investment Group and Morgan Stanley had this to say about the oddity:

--

We recently gathered all of the ETFs from our ETF Trends report and calculated their short interest as a percentage of their current shares outstanding. Many investors look for stocks with high short interest because good news usually sends shares soaring due to short covering. Oddly, a number of ETFs that we track have much higher levels of short interest than their reported shares outstanding. This seems to be due to "multiple borrowings" according to Morgan Stanley.

--

<http://seekingalpha.com/article/65863-etfs-with-the-largest-short-interest?source=yahoo>  
Multiple borrows Oh sorry my bad- I lent this ETF out one too many times, and I sold it one to many times

For every seller there is a buyer- for every multiple borrow there is a counterfeit short sale- and an unsuspecting retail investor has acquired a fake long share in a long line of fake fraudulent trades that originate with multiple borrows.

What about supply and demand? How many sharers should be lent out? Does this over borrowing lead to artificially depressed share prices?

Is it any coincidence that these over borrowed ETFs are all on the REG-SHO list?

This is wholly unacceptable- do your damn jobs

Retail investor to the SEC do your damn jobs

Get my stocks and my ETFs off of the REG-SHO list

Punish those that illegally counterfeit shares in order to enrich themselves at the expense of the general investor populace.

Dont let manipulative hedge funds naked short my ETFs

Why are you allowing manipulative hedge funds to create counterfeit ETF shares?- if they are counterfeiting my ETFs- they are illegally distorting natural supply and demand, and my assets are losing value as they naked short / counterfeit my ETF shares to death  
DO YOUR DAMN JOB

---

**Re: SEC proposes tougher "naked" short selling rules**

thanks spx, nice comment among the others

<http://www.sec.gov/comments/s7-19-07/s71907-397.htm>

everybody is pissed....it's only every short's dream. Things must change. And soon hopefully. I hope this government will make a move soon since the stock market looks terrible and elections are just around the corner. Dow down almost 20% from its 52w high. This is crazy. Without rule changes I see 14K+ impossible in the next 12 months...

But if the rule will change, short covering will bring a chain effect that could turn around this market in a week or two...

Let's hope...