

I am a portfolio manager with 30 years of experience. I have always viewed short selling as a divisive tool due to the need to create a perceived panic in a stock to hurt investor confidence sufficiently to encourage selling. This coordinated effort to panic influences more than stockholders. It influences employees, vendors and suppliers, and lenders to create concern about the future. Sometimes the negative stock movements create a suspicion of a bigger problem even when management goes on the record to deny the allegations. This panic created during unstable times can even create a self fulfilling destruction of a company.

My clients are afraid to invest. They don't trust the system, Wall Street or the government. For example, the drama being played out with Bank of America and Merrill Lynch sells newspapers and destroys investor confidence. Who is telling the truth? Ken Lewis, John Thain, Henry Paulson or Ben Bernanke. It is totally unsettling.

I personally believe in restricting the short selling as follows:

- (1) Return the up tick rule maybe making the up tick a \$0.05 or \$0.10 instead of \$0.01.
- (2) Require borrowing of shares not just an attempt to borrow shares (naked shorting).
- (3) Create a circuit breaker to create daily halts to shorting of any stock whose movement is over 10%.
- (4) Make mutual funds and brokerages disclose shares they have lent out each month for shorts. I think it is a fiduciary travesty that a mutual fund that I have money invested in would lend shares to someone who shorts the stocks in an attempt to drive the price down. In an attempt to create transparency I would think this kind of disclosure would be expected. It would help level the playing field. Currently shorts and their brokers operate in a secret hidden world – at the investor's expense.

These are my opinions. If possible I would love comments to my item (4). It has bothered me for a while.

I appreciate your attempt to fix these problems and hope that your solutions help the terrible problems we are experiencing.