June 5, 2009

Ms. Elizabeth Murphy
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington DC, 20549-1090

Ref. File Number: S7-08-09

Dear Ms. Murphy,

I am glad to have this opportunity to express my opinions regarding the recent chatter about proposed amendments to Regulation SHO. In my opinion, any changes to the current rules on short selling would only be a reactive measure to market declines and fail to address the underlying reasons for the current state of the equity markets and the financial sector in general. As an equity trader for over 5 years, I have traded both with and without short sale restrictions in place. I do not believe that the recent market decline would have been avoided or lessened had the restrictions remained in place, as evidenced by the volatility in markets around the world (even those with some sort of short sale restrictions). In many instances, it was actually beneficial to have short sellers in the market, as some of the earliest warnings regarding the impending financial crisis arose from that side of the market.

I am concerned that the amendments to Regulation SHO currently under review are merely being enacted to change public perception in an attempt to instill confidence in ordinary investors. However, I believe too many people will incorrectly believe that something like an uptick rule or circuit breakers will somehow make their investments safer or protect them from stock market declines. This is certainly not true. During the recent financial crisis, we saw precipitous declines in the stocks of many financial institutions even though the majority of them were not able to be sold short at all. The underlying cause of the crisis was certainly a larger macroeconomic issue unrelated to whether or not a bid test or other regulations were in place.

While I believe that financial markets certainly need some type of regulation, in this instance I believe that efforts to regulate the market after this financial crisis should be made in other more important areas such as fraud prevention and tighter regulation in the derivative markets. Short sale restrictions similar to what was Rule 10a-1 (Uptick Rule) and circuit breakers will do nothing to stem market declines nor should they if the declines are warranted by underlying issues. They serve only as token rules to pump up perception, but in real terms they may send out the wrong signal, especially to smaller investors. Please take this into consideration as you examine amendments to Regulation SHO. Thank you for your time.

Sincerely,

Samuel J. Yoon
Registered Representative, FINRA