June 12, 2009

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

Ref. File No: S7-08-09

Dear Mrs. Murphy,

I'm writing to address my concerns about the proposal of an amendment to Regulation SHO regarding the short sales of equities. I believe the proposed amendment can be potentially hazardous to the US equity market and my reasons are as follows:

Firstly, the ability to freely short stocks provides liquidity for the market and enables the market to easily correct for inefficiencies. A large percentage of transactions in the stock market are made by short sellers and by restricting these sellers a significant amount of liquidity on the offer will be eliminated. This will cause slippage and make the US markets less attractive to investors. Moreover, the ability to freely buy and sell securities helps to eliminate inefficiencies in the market. For example, if a very large buy order comes in a stock because of an order from an institutional investor, the ability to freely short this stock will allow the market to correct for this move if a correction is deemed appropriate by the market.

On a similar note, this uneven regulation of buying vs. selling will skew the market upwards allowing for the creation of bubbles. As we have seen in the past, stock bubbles can be very costly and damaging to the market and economy.

Finally, the recent uproar claiming foul play of malicious and colluded short selling is unfounded. I believe the downfall of a few financial institutions after one of the biggest disasters in US market history is appropriate. When an industry makes such an egregious mistake, it makes sense that some of the weaker companies don't survive, and the remaining companies are left to thrive. Bear

Stearns and Lehman Brothers, for example, had their share of problems and I don’t think it’s sensible to say they were maliciously taken down. Also, I don’t think we can call the large decline in the US stock market an overextension which was a product of short selling. If a typical decline in the market during a recession is 20% it’s not that outlandish for a move 2 or 3 times that size after the economic meltdown which occurred recently.

Sincerely,

Greg DeDona