June 7, 2009

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

Ref. File NO: S7-08-09

Dear Ms. Murphy,

Reinstating the uptick rule as a knee-jerk reaction to the recent market turmoil is both a wrong-headed and dangerous precedent for the SEC.

In your own proposal you state that short selling adds much needed liquidity to the market while adding to price efficiency by holding down spreads and increasing the amount of shares available to investors. At the same time the proposal cites large studies and analyses showing that the uptick rule had a negligible effect on the behavior of the markets, including during previous market corrections. In addition, markets worldwide where an uptick rule remained in effect still featured steep declines and increased volatility during the recent economic downturn. Why then would you propose limiting this beneficial aspect without giving any real basis as to how it would help in the current environment?

Reinstating the old rule is simply a reaction to a crisis that has already occurred, without offering any proof that it will prevent similar situations in the future. It sends the wrong message to investors and traders that the SEC will simply amend the rules to give a false confidence to the public. Simply because the downturn occurred after the removal of the original uptick rule and thus blaming the downturn on that removal is faulty logic. It can only lead to increased volatility when this premise fails.

Instead of putting in an uptick rule, simply enforcing the current rules against naked short-selling will go much further in preventing improper short-selling. There is no need to limit something proven to be beneficial (short-selling) without providing proof of a correlation between the uptick rule and the volatility for which it is being proffered.

The SEC wasn’t created to arbitrarily change the rules of the games simply because of falling markets. When that happens, everyone loses or simply stops investing.

Sincerely,

Christopher Andrews