June 4, 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 am against the reinstatement of any short sale restrictions. I believe that the reinstatement of any short sale rule, be they up-tick rules, circuit breakers, etc, would prevent the market from reaching an optimal level of efficiency.

For a market to be efficient, a market must be large and liquid. Placing restrictions on short-selling would remove a larger part of this liquidity and therefore take away from a market's ability to be efficient. Many people have blamed short sellers for the exacerbation of the down move made by the market. While this may be true at times, fundamentally, this argument has little validity. If a seller wishes to drive a stock down, at some point he will be over-whelmed by buyers who feel that the price has become too low. The real drops in stock price are due to any number of things, including but not limited to the following: weak fundamentals, weak sectors, bad news, etc.

Furthermore, placing restrictions on short selling would prevent the market from trading fairly. By restricting the actions of short sellers, the market will have a natural tendency to favor buyers and therefore promoting the overvaluation of stock prices. It would become easier to profit on the buy-side as opposed to the sell-side, when there should be equal opportunity on either side.

Short sellers are vital to the market and to its attaining efficiency. They provide much needed liquidity and help stocks maintain equilibrium. To restrict or prohibit any action thereof would be a detriment to the market.

Sincerely,
Scott W. Zimmerman