June 1, 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,

The implementation or reinstatement of an uptick rule would be a poor decision. Natural market volatility is an inherent risk associated with investing. It is important to realize that the modification of short selling rules would severely limit the liquidity of the markets. Not only is liquidity provided by short sellers, but this rule would certainly have a negative impact on the many high-frequency programs that provide liquidity. While “bear raids” are a worrisome prospect given the current fragile nature of the market, there are already regulations in place to prevent these kinds of manipulation. Short selling is a natural part of a free market and should not be prohibited. This will also have a negative impact on the ability of investors to receive fair pricing. With a lack of liquidity, there will almost certainly be a widening of spreads, which will make it more difficult to accurately enter orders.

This all being said, it is also important that the committee realize the possible negative implications that this rule could have on the markets in general. While the markets may indeed rise, the question is how will investors have the opportunity to accurately value a stock? This could lead to an unnaturally inflated market that could be eerily similar to the current collapse that we have all seen. It seems the more sensible approach would be to further improve current regulations to prevent price manipulation and allow the markets to freely correct themselves.

Sincerely,
Joshua Smith