

From: William Thayer
Sent: Monday, June 15, 2009 5:24 PM
To: Help
Cc: William Thayer
Subject: Short Selling and Market Manipulation

Dear SEC,

Our stock market is great if it is not manipulated. Unfortunately, short selling especially naked short selling allows a few traders to use extreme leverage to distort and manipulate the market. Since the SEC is considering constraints on short selling, let me offer a couple of ideas:

1. Reinstate the Uptick Rule

Traders can simply drive the price of a stock down under panic conditions with nothing holding them back. If \$100,000 worth of a stock is shorted, then we should require a \$100,000 uptick purchase before the next short sale.

2. Ban naked short selling

The present market calamity is due to excessive leverage. Allowing someone to short a stock without even borrowing the shares is an invitation to excessive leverage. If an individual goes long in a stock, they have to come up with at least 50% of the purchase with their own money and then 50% in margin. We should require that same 50% of the trader's cash for going short in a stock. As shown in the housing crisis with zero downpayments, excessive leverage leads to wild speculation. The zero downpayment people lost nothing if they walked away from their loan. The situation is not identical on naked short sales but similar. If people put their money into an investment (house, stock sale etc.), there will be less wild speculation.

Sincerely Yours,

William Thayer, MBA and former Certified Financial Planner