Mrs. Elizabeth Murphy June 7, 2009
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington DC, 20549-1090
Ref. File No: S7-08-09

Dear Mrs. Murphy,

I am a proprietary equities trader, with close to two years of trading experience, and I strongly disagree with the proposed amendments to Regulation SHO, the most notable being the reinstatement of the uptick rule, for several reasons. While investors in favor of reinstating the rule argue that short sellers are largely responsible for the decline in equities, they fail to realize that the SEC and multiple third party firms studied the effects of the uptick rule and deemed it unnecessary leading to the elimination of the rule in 2007.

I believe the proposed amendments to Regulation SHO are attempting to artificially squeeze the Market higher by changing the rules. I, like most Americans, would love to see the Market make steady gains year after year; however, I want the market to rise from the growth of companies earnings, not because of Government intervention. The recent Market decline was caused by many reasons, including the shadow banking system, the housing bubble, and excessive leverage, not short sellers. Short sellers didn't cause the market to go down; they were merely able to profit from the market decline the same way traders who are long equities make money when the market goes up. I seriously doubt that market pundits, and politicians alike were clamoring for Government intervention when the Market was flying during past bull markets. The point being that markets are meant to go up and down, just because equities have been beaten over the last two years, doesn't mean that acting rash and changing the rules is the solution.

Implementing the proposed amendments could have the unintended consequences of scaring away traders and investors, and therefore reducing liquidity which is vital to efficient markets. When the SEC implemented the temporary short selling ban of select financial companies in September of 2008, it failed to provide relief to those stocks. Prior to the ban I was trading many of the equities on the list, both on the long and short side; but after the rule was put into place I tried to stay away from these stocks, as they were trading erratically. I speculate that the erratic price action was due to many market participants deciding not to trade these stocks, which lead to less liquidity and inefficiencies. While I realize that the uptick rule is less drastic than the aforementioned ban, it is an example of the unintended consequences caused by changing the rules.

The last 18 months have been a volatile and tough time for investors, but this hasn't been the first the rough stretch in the stock market nor while it be the last. Short sellers are an easy scapegoat for shell shocked investors who are looking to assign blame for the recent decline. I believe this blame is misplaced, and the reinstatement of the uptick rule is unnecessary and could potentially have a negative effect on the market.

Sincerely,

Matt Grande