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February 26, 2009

U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Proposal for Rulemaking on Short Sales

Dear Commission:

I suggest that you rule on shorting against the box. This could tie into your possible consideration of reinstituting the uptick rule on short sales, but is not dependent on that.

Shorting against the box requires special rules to prevent misreporting and to prevent easy avoidance of any short-sale uptick rule. Shorting against the box takes place when the short and long positions in the same security are not closed out but remain open as some sort of hedge or for some other stated or un-stated reason. For instance, being long 100 shares of GM and short 100 shares of GM at the same time in the same or another account with the same broker is being short against the box. No real short interest exists.

The important point is that there is no net beneficial position in the stock and reporting the short side of that completely hedged position is misleading, telling markets that something exists (a short interest) when it really doesn't. Brokerage houses and other reporting entities should be required to eliminate all shorts-against-the-box from any reporting they do to reflect the true economic nullity of the situation.

The other point is that someone having a short-against-the-box position can avoid any short sale rules you come up with by merely selling the long stock. A sale of a long position is not a short-sale, but is effectively a short-sale when that person is short-against-the-box. The sale of the long leaves the short position uncovered, clearly and directly creating an open short position. This should not be allowed.

Accordingly, I request new rulemaking on both points.

Very truly yours,

Walter Lamp