

June 22, 2010

Via Electronic Mail: rule-comments@sec.gov

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-10-10

Dear Secretary Murphy:

I am writing on behalf of the Howard Hughes Medical Institute (“HHMI”) to take the opportunity to comment on proposed Rule 13h-1 that would establish a large trader reporting system. HHMI is a non-profit medical research organization whose primary purpose and objective is the promotion of human knowledge within the field of basic sciences (principally in the field of medical research and medical education) and the effective application thereof for the benefit of mankind. HHMI’s charitable purpose is funded almost exclusively from income and realized gains generated by its endowment. HHMI supports the Securities and Exchange Commission’s efforts to establish a large trader reporting system and its ongoing effort to improve market transparency and we hope that this letter provides helpful comments that assist the Commission in formulating final rules that effectively monitor the activities of frequent large traders while not placing undue burdens on less active market participants.

HHMI respectfully submits that the Commission should reconsider the thresholds and methodology for “identifying activity level” and consider an exemption from the proposed rule for non-profit organizations that are not frequent large traders. As a charitable organization that funds its charitable purpose almost exclusively from its endowment, HHMI may at times enter into transactions that would reach the proposed “identifying activity level”. Such transactions might not be frequent, but may occur if there is a need for HHMI to generate proceeds to fund its charitable purpose from the sale of liquid assets or to periodically adjust the asset allocation or investment strategy of HHMI’s endowment to prudently support its charitable mission in perpetuity.

The Commission indicates that it is not the purpose of the proposed rule to monitor infrequent large traders. The Commission estimates that approximately 400 large traders would be subject to the proposed rule. Based on the proposed rule’s indicated intention to capture the activities of frequent large traders, it appears that HHMI and other similarly situated non-profit organizations are not the intended targets of the proposed rule and the Commission may not expect such an organization to fall into the category of the estimated 400 frequent large traders. However, the proposed thresholds could capture HHMI and other similarly situated organizations, potentially diverting resources from core missions in order to fully satisfy the administrative and compliance requirements of the proposed rule.

Elizabeth M. Murphy
June 22, 2010
Page 2

Refinements to the proposed rule that would alleviate the potential burden on less active market participants while achieving the proposed rule's purpose of monitoring frequent large traders are: (i) to substantially increase the thresholds for "identifying activity level", (ii) to have the activity measured as an average transaction level over consecutive trading days, such as five consecutive trading days, rather than any single day transaction level, (iii) to require that a person cross a threshold multiple times in any relevant measuring period before becoming subject to the requirements of the proposed rule, (iv) to reduce the measuring period from one year to one calendar quarter for a person to submit an inactive status filing, and (v) to limit the applicability of the proposed rule to financial institutions and other similar organizations and persons whose trading activities are not an ancillary activity undertaken to support a core charitable purpose.

Again, we thank the Commission for its efforts to improve market transparency and adopt a large trader reporting system and are available to discuss the above comments at the Commission's convenience.

Sincerely,

/s/ Brian F. Gredder

Brian F. Gredder
Associate Investment Counsel
Howard Hughes Medical Institute