



CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515

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The Honorable Christopher Cox  
Chairman  
Securities and Exchange Commission  
100 F St., NE  
Washington, DC 20549

Dear Chairman Cox,

I am writing to comment on the Commission's proposed amendment to Regulation SHO. I believe that this proposal will help curb the practice of "naked short selling." I commend you for this effort to protect our capital markets and appreciate this opportunity to participate in that process. As the Commission reviews its proposal, I would encourage you to consider the merits of two additional items:

First, transparency and disclosure are critical components of our capital markets. It is imperative for investors to have accurate and current data on the frequency of failures to deliver. The availability of this data on a daily basis would do a great deal to reduce the practice of "naked short selling" and increase investor confidence.

Second, in theory, the very act of short selling requires the borrowing of a stock. However, current rules allow for the stock to simply be "located," which opens the possibility of multiple sellers "locating" the same share. Even more problematic is the current allowance for a broker to have only "reasonable grounds to believe that a security can be borrowed." It appears that this language has allowed some brokers to never deliver the stocks they are selling, choosing rather to delay the closing of the trade indefinitely.

With this in mind, I recommend that the Commission consider requiring brokers to enter into a bona fide contract to borrow stock before selling it, and eliminating the "reasonable grounds to believe" loophole.

Again, thank you for your efforts to protect investors and for considering my input. We both have a duty to protect our capital markets and I believe these two suggestions will bolster your efforts in the proposed amendment to Regulation SHO. I look forward to your continued work on this issue.

Sincerely,

A handwritten signature in blue ink that reads "Jim Ryun".

Jim Ryun  
Member of Congress