

TOM FEENEY
MEMBER OF CONGRESS
24TH DISTRICT, FLORIDA

ASSISTANT WHIP
LEADERSHIP LIAISON
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COMMITTEE ON
FINANCIAL SERVICES

COMMITTEE ON THE JUDICIARY

COMMITTEE ON SCIENCE

WASHINGTON OFFICE:
323 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2706
FAX: (202) 226-6299
www.house.gov/feeney

Congress of the United States
House of Representatives

Washington, DC 20515

September 25, 2006

The Honorable Christopher Cox
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chairman Cox:

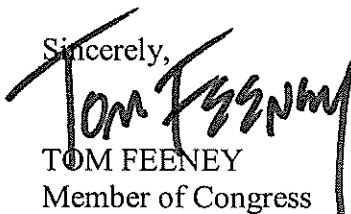
I applaud the SEC's willingness to consider changes to Regulation SHO. In a legitimate short sale, the short seller borrows stock it does not own from a broker and sells that borrowed stock to a purchaser. By and large, short selling is legal and a good way to inject liquidity into the market.

However, despite the implementation of Reg SHO, it is believed that abusive short selling (or naked short selling) still occurs. A naked short sale occurs when a short seller sells a stock it does not own and has not borrowed. Thus, when it comes time to settle the trade, the naked short seller cannot deliver the stock to the purchase who has already paid for the stock - creating a failure-to-deliver ("FTD").

Naked short selling creates artificial supply. Anytime that supply is artificially increased without also increasing demand, price will drop. Companies that have been naked shorted have experienced a non-market drop in their stock price- which limits their ability to access the capital markets. In July 2006, the SEC proposed amendments to Reg SHO marshall and admitted that naked shorting remains a problem for some companies. I believe that it important that the SEC adopt changes that go beyond what in the SEC's current proposals to amend Regulation SHO in order to stop the fails to deliver (FTDs) and other associated abuses. Specifically, I suggest that the SEC make two important modifications to Regulation SHO beyond the current proposed modifications:

- 1.) Transparency-Daily disclosure of the aggregate volume of FTD's in each company in each company listed in the Reg SHO Threshold list.
- 2.) Ownership-Require a pre-borrow of stock before short selling (before any seller can short sell a stock, that seller must either have the stock in his possession).

Sincerely,



TOM FEENEY
Member of Congress
24th District, Florida