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April 24, 2007

Ms. Nancy Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-12-06, Amendments to Regulation SHO

Dear Ms. Morris:

Optiver US, LLC ("Optiver") appreciates the opportunity to offer comments to the Securities and Exchange Commission (the "Commission") on the proposed amendments to Rules 200 and 203 of Regulation SHO ("Reg SHO") (Release No. 34-54 154; File No. S7-12-06, referred to herein as the "Release"). In the Release, the Commission proposes an amendment that would narrow the options market maker exception to Reg SHO. The comments in this letter relate principally to this segment of the Release.

Optiver is a proprietary trading firm that is registered with the Commission as a broker-dealer. In connection with its trading operations, Optiver engages in market-making activities in numerous index and equity options on several exchanges in the U.S., and together with its affiliates, is part of a well-established and sizeable global market-making organization. Optiver is a member of and registered as an options market maker on the Boston Stock Exchange, the Chicago Board Options Exchange and the International Securities Exchange. Additionally, Optiver is a member of other exchanges and provides liquidity for various securities and other instruments. As part of its market-making responsibilities and in its liquidity providing function, Optiver solely makes markets remotely via electronic systems.

As has been communicated to the Commission by other market participants with similar responsibilities, the obligations of a market maker include creating liquidity by promoting a bid and ask price for securities as well as for derivative products pegged on such securities, each on a regular and continuous basis. Market makers are also tasked with maintaining a fair, competitive, orderly and efficient market. In connection with this activity, market makers commonly buy, sell and sell-short equity stocks to hedge transactions entered into as a consequence of their options market-making activities.

Optiver believes that the narrowing of the options market maker exception, as proposed by the Commission, would significantly harm the ability of options market makers to provide liquidity and would lead to a widening of quote widths for options when the underlying security is a "threshold security". These consequences occur without dealing with the core cause of the abusive naked short-selling. This reduction in liquidity and widening of quote



widths would ultimately result in needless harm to investors specifically and to the markets more generally.

In addition to the hedging of options trades by short-selling shares without first locating the stock, short-selling serves other legitimate purposes and should not be viewed by the Commission as intrinsically abusive. Stocks are often sold short due to the fact that the market views a stock as overvalued based on any number of factors, including, for example, that the company is poorly managed or underperforming. This short-selling, therefore, promotes a more efficient and genuine market.

Without the ability to maintain a consistent hedge, Optiver, as an options market maker and liquidity provider, would find it difficult, from a risk perspective, to justify making markets in options on threshold securities. This, in turn, may leave customers who wish to take positions in threshold securities unable to do so, or at the least, may decrease liquidity, making it more difficult for the customer to obtain a desired position. Likewise, the lack of trading in a threshold security would serve to do nothing to address the essential concern of abusive short-selling, but instead would reduce the market's ability to express views on the management and prospects of publicly traded companies.

For the reasons stated above, Optiver continues to support the current version of the options market maker exception. Optiver believes that any benefit gained by amending the market maker exception would be more than offset by the detrimental effect that an amendment would inflict on the market.

Optiver would like to thank the Commission for the opportunity to comment on the proposal to narrow the options market maker exemption to Reg SHO.

Very truly yours,

Optiver US, LLC

A handwritten signature in black ink, appearing to read "Bastiaan van Kempen".

Bastiaan van Kempen
Chief Executive Officer

A handwritten signature in black ink, appearing to read "S.A. Schwab".

Steven A. Schwab
General Counsel

cc: Hon. Christopher Cox
Hon. Annette L. Nazareth
Hon. Roel C. Campos
Hon. Kathleen L. Casey
Hon. Paul S. Atkins
Dr. Erik Sirri