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Washington, DC 20036

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Sarah A. Miller
Senior Vice President
Center for Securities,
Trust and Investments
Phone: 202-663-5325
Fax: 202-828-5047
smiller@aba.com

August 7, 2008

Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Naked Short Selling, File No. S7-20-08

Ladies and Gentlemen:

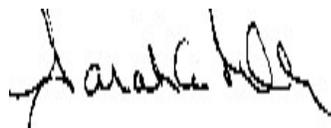
In connection with extending its July 15th emergency order against naked short selling to August 12, 2008, the Commission announced that it would collect and analyze data on the impact and effect of the order's provisions and would immediately proceed to consideration of rulemaking, the purpose of which would be to provide additional protections against abusive naked short selling in the broader market. While we applaud the Commission's announcement of its intention to provide protections to the broader market, we remain concerned that during this interim time period our members will continue to be exposed to these "distort and short" campaigns. Our continuing concern is not without merit.

Failures-to-deliver (FTD) data are indicative, we would submit, of naked short selling as they represent in effect an excess of promises to deliver stock, compared with the supply of actual stock when delivery is due, a condition likely caused in large measure by naked short sales. ABA has reviewed the FTD data for a small sampling of super regional and community banks, defined as banks with under \$1 billion in assets. That review indicates that there has been a growing volume of FTDs. Further, these same data indicate that a spike in FTDs is invariably accompanied by significant stock drops—not all of which can be attributable to market or bank-specific conditions. Unfortunately, we were able to observe FTDs only through March 31, 2008, as second quarter data will not be released until September. Based on what we are hearing from our members, however, we suspect that the volume of FTDs has only continued to grow, perhaps dramatically.

Simply put, these "distort and short" campaigns push stock values below what market (absent naked short selling) and bank conditions warrant. As we have previously stated to Chairman Cox, bank customers frequently—and incorrectly—equate significant drops in bank stock prices with safety of bank deposits. At a time, when the economy is clearly under stress, the Commission

has a responsibility to assure that destructive practices such as abusive naked short selling are stopped.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Sarah Miller". The signature is fluid and cursive, with the first name "Sarah" being more prominent than the last name "Miller".

Sarah A. Miller
Senior Vice President
Center for Securities, Trusts and Investments
American Bankers Association