

750 Columbus Ave. Apt. 3H  
New York, NY 10025

February 6, 2007

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

Ref. File No: S7-2106

Dear Mrs. Morris,

As a registered principle at Trillium Trading LLC, I am writing to share my opinions on SEC's consideration of dropping all price tests regarding short selling. I have been an active trader and trading supervisor for the past 10 years, and I have written to the SEC on several other occasions in hopes of helping you shape the future of the NASDAQ market place. After carefully reading File No S7-21-06, I have come to the following conclusion. **The short sale rule should be completely eliminated or the pilot program for the 1,000 highest volume stocks should be extended to a larger segment of stocks so that we can continue to evaluate all the benefits of completely eliminating the short sale rule.**

My suggestion for the market is to remove the current short selling rule which calls for selling only on a zero-plus tick. This rule appears only to impair rather than facilitate the market. Since all market makers and public orders should only be quoting on the box if they are actually interested in buying or selling stock at a particular price (regardless of whether there is an up or down arrow) the public should be allowed to sell the stock under all circumstances. Market makers would benefit because they can establish the positions they desire more easily, while the public would benefit from added market liquidity. If a market maker is not genuinely interested in buying stock, he should not be quoting at that price on the box in the first place.

Here is a specific example: Stock ABCD is trading at 10 x 20. If I am bidding a penny below the current bid at 9, I should be able to buy stock from anyone who is willing to sell it to me - regardless if the other person is long the stock or attempting to get short stock. Why should I be deprived of buying the stock by allowing only those who are long to sell to me? By doing so you are limiting the pool of liquidity that can access my order.

Since the introduction of decimalization, many stocks trade in a penny spread. The short sale rule is far less relevant now that stocks have such a tight spread. Furthermore we do not have to worry that stocks will be pushed down because of rapid short selling. In fact, since the pilot program on the 1000 symbols implemented a great liberal shorting policy (allowed to short on all bid ticks), the market has gone up significantly. I am confident that the public, the market makers, and all market participants will benefit from a more

laissez faire attitude to the short sale rule. If we are not ready to eliminate the short sale rule in its entirety than we should extend the 1000 stock pilot program to the top 2500 stocks, so that what is already obvious to me, will become obvious to the rest of the market place- i.e. **that the elimination of the short sale rule will create a more equitable, more stable market place without any downside.**

Thank you in advance for your time and consideration in the above matters.

Sincerely,

Howard Teitelman

CSO, Trillium Trading

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