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McElveen, Josephine

From:	Sherry [redacted]
Sent:	Thursday, July 29, 2010 11:14 AM
To:	CHAIRMANOFFICE
Subject:	Fin Reg Comments -- Attn: Mary Shapiro

RECEIVED AUG 03 2010 OFFICE OF THE SECRETARY

ATTN: Mary Shapiro: 7/29/10

Tuesday, July 27th, it was reported on he PBS Business Journal Report that your office was soliciting comments for your regulation writing that is coming up on Fin Reg. Please see below our problems that have occurred on various stocks. At the end of this e-mail are suggested comments to the SEC.

We sent the following response back to the SEC in regards to a trade problem we encountered with a stock, VIP. Included in this e-mail are suggestions we wanted to send to you to see what you can do to facilitate these items and help make changes to the regulations used by the SEC for all the exchanges.

These changes need to be made for the protection of the retail investors, to build confidence and stabilization of the market, and provide a more stable economic recovery.

Please see below:

(Reply sent back to Christopher Wilson—SEC Senior Counsel)
7/13/10

Thank you for your response.

Frankly, we do not understand why the SEC is deciding to take such a passive role in this VIP (Vimpel Communication) situation. This is a **GLOBAL** problem of a stock, **VIP**, which affects many financial institutions and is not limited to Fidelity only. Therefore, this is a global situation and is the reason we sent the original e-mail to the SEC.

We don't understand how the SEC, after receiving filing documents from VIP with the knowledge they were going to **eliminate the values of this stock** from individual investors, such as us, could condone this and allow it to happen. It was our assumption that the SEC should not allow these types of practices to occur.

It appears the SEC acted negligently in monitoring the default aspect of this company's transaction. At a minimum, the stock should have been defaulted and rolled into their new "VIP" security at some conversion rate, or cashed out at the old security price on the transaction day—**not a zero value**, which appears to us as **fraudulent behavior**.

As we informed you earlier, we had 100 shares VIP (Vimpel Communication) valued at $16.00 one day, then $0.00 the next. It seems ridiculous the SEC would condone a company to act in this manner. Usually when a stock is purchased, the shareholder can hold a stock long term and has no need to be concerned about having to get back to the company (Vimpel Communications) to confirm they still want to **HOLD** what they originally purchased. So, the SEC is expecting me to watch my long term investments every day while I'm on vacation, as to what happened in this case? Retail investors have entrusted the SEC to act in the best benefit of the investors to protect them. This whole situation should not have been allowed to happen.

It seems unconscionable to take the stock away from the shareholder, giving them basically zero value because they didn't reply with a confirmation they **still wanted to hold the shares**.

In addition, the company is still in existence, and thereby outstanding shares have been reduced due to people that did not confirm their ownership intentions. This appears to be fraudulent behavior and should be unethical.

In addition to our VIP problem, we strongly feel the SEC should be acting on and be responsible for several other important aspects of trading on all US exchanges that are applicable to all retail investors. We feel the SEC has taken a passive role and has not taken seriously and ignored the protection of the retail investor. The following are some suggested areas that require SEC handling:

- **Reinstate the UPTICK RULE** (meaning the stock price MUST go up in price before it can be shorted) **There are always more Sellers than Buyers for a stock, so it is imperative this rule is reinstated to stabilize the market.** For example, the Dow was at 11,250 several weeks ago, and two weeks later it was at 9,800. Does the SEC not see the importance of the Uptick Rule? The new circuit breaker rule is NOT the Uptick Rule.
- **Naked Short Selling** (it doesn't seem SEC is monitoring naked short transactions that are covered within the 3 day settlement period) The SEC should monitor the daisy-chain transactions (when short transactions sells occur before the short transaction buys—**these short transactions were never borrowed shares**). This causes stock prices to continually spiral downward. Also, we feel the SEC should analyze the last 30 minutes of trading every day and see what is causing the extremely high volume position covering in the last few minutes of trading.
- **Current Day Settlement** -- Change Settlement Day from 3 days to current day to eliminate Naked Shorts. It seems the SEC is not monitoring naked shorts that are covered within 3 days.
- **Flash Trades** – These trades are processed through extremely sophisticated computer programs at the detriment of retail investors. We don't know the answer to this, but the SEC should provide extensive regulatory guidance and control over this type of trading.

We appreciate anything you can do for us with VIP, and we believe the SEC should step up to the plate, and start protecting the retail investors in this very weak economic situation in our country.

We also sent information in this e-mail to our senators and state representatives in order to take this matter forward to the government officials. These changes need to be made for the protection of the retail investors, to build confidence and stabilization of the market, and provide a more stable economic recovery.

Thank you for your assistance,

Joel and Sherry Baccigalopi

[redacted]