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Klingenstein, Fields & Co., L.L.C.  
787 Seventh Avenue, New York, N.Y. 10019-6016

TEL 212-492-7000

FAX 212-492-7007

March 10, 2009

The Honorable Mary Schapiro  
Chairwoman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chairwoman Schapiro:

I write this letter out of deep concern for what has and is taking place in our securities markets. I needn't remind you of their unprecedented volatility and decline. The purpose of this letter is to urge you to act promptly to take certain actions which are much needed and, if enacted I am sure, will help alleviate the aforementioned volatility and decline.

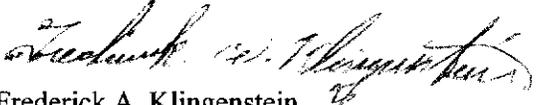
Specifically there is no reason not to immediately reimpose the requirement that in order to sell a security short it must be done on an uptick. I strongly believe that since stocks are currently trading in pennies, such required uptick should be at least five cents or more.

Secondly, I believe that the markets are being unduly influenced and manipulated by those inappropriately trading in credit default swaps influencing the premiums on these derivatives and via such actions create unreasonable and, in many instances, unwarranted pressure on the common stock of these companies. I would point out that unless one actually owns the underlying credit, there is no reason to be trading in credit default swaps related to such security.

Finally, much of our financial distress has been caused by FAS157 or the mark-to-market requirement. This requirement has created severe financial distress on many of our country's once leading banks and insurance companies. It would, at the very least, seem appropriate to suspend this mark-to-market requirement until stability and liquidity has been restored to our financial markets.

I would hope that you and your fellow commissioners would enact one or all of the foregoing immediately before more unnecessary damage has been done to our markets. With thanks for your consideration, I am

Sincerely yours,

  
Frederick A. Klingenstein

FAK:kgm

P.S. As background for this communication, I enclose copies of letters recently written to your predecessor as Chairman.

