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Comments on File No. S7-31-08

The filing of Form SH by institutional money managers who surpass certain monetary thresholds, is an obvious effort to supply the Commission with additional information that may not have been readily available before. However, I find myself questioning the appropriate use of this data as Form SH is currently proposed.

Unfortunately, the information will not necessarily be meaningful, because the statistics provided are only one part of the equation, possibly neutralized by another, undisclosed part of the equation. For example, Form SH may note that "Money Manager X" is maintaining a sizeable short in "Issuer Y", exceeding the raised threshold of $10,000,000. However, what is not being requested via this disclosure is the fact that Money Manager X may have an existing hedged or arbitraged position, whereby the money manager is maintaining a long position in the derivative securities (such as options or warrants, for example) of Issuer Y, which may in fact even create a bullish bias rather than the reported bearish bias reported on Form SH.

In addition, on page 13 of the filing, the Commission specifically states that "the Form SH short position is not net of long position in the issuer". This caveat, in my opinion, will also likely render the Form SH information suspect. Because the recent SEC Releases appropriately force the short seller to borrow the security prior to shorting, I believe that short sellers will likely pursue a methodology whereby they can accommodate this requirement, yet avoid the time consuming effort required to comply. One method may simply be to "box the stock", which is to maintain both a long and short position in a security so that the seller may readily sell the long position, which will then establish a net short position. If my prediction comes to fruition, and this methodology is used more often, then the short positions reported in Form SH, are once again, only part of the equation, possibly offset by the equivalent long position, awaiting the opportunity for quick sale.

Thus, my concern is that the SEC will be making decisions on data that is irrelevant, and their effort to ensure an orderly marketplace may be short circuited if they act on incomplete data. In order to understand the full picture, the SEC must somehow request the other half of the equation in both of the above cases. If there is an offsetting long derivative position in the Issuer, it should be reported on a more encompassing Form SH. If there is an offsetting long position in the equity, it should also be reported in a more encompassing form SH. Without this additional information, the Commission will likely be no better informed by Form SH as currently proposed.

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