



February 14, 2013

By Electronic Mail

Brian Bussey, Associate Director
Josephine Tao, Assistant Director
Division of Trading and Markets
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: File No. TP 13-05, Order Granting Exemptions From Certain Rules of Regulation SHO Related to Hurricane Sandy

The Securities Industry and Financial Markets Association (“SIFMA”)¹ respectfully requests that the Securities and Exchange Commission (“Commission”) approve a three-month extension of the exemptions related to the “locate,” short sale price test, and close-out requirements of Regulation SHO for sales of vault Securities that the Commission provided on December 12, 2012 in connection with the flooding and water damage that occurred throughout the vault of the Depository Trust and Clearing Corporation (“DTCC”) vault at 55 Water Street (the “vault”).² SIFMA has been informed by DTCC that the recovery and restoration process of the inventory held in the vault is in process and early indications are that the damaged certificates have held up well, with the vast majority of what has been examined intact and legible, but that the inventory restoration process is an involved, multi-step process and will take several more months to complete. Therefore, SIFMA believes that the timeframe for the Regulation SHO exemptions should mirror the efforts currently undertaken by DTCC.

As stated in SIFMA’s previous letter requesting relief,³ the U.S. securities industry is highly reliant on the custody service provided by DTCC to effect transactions and conduct

¹ The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² See Securities Exchange Act Release No. 68419 (December 12, 2012), 77 FR 74891 (December 18, 2012) (Order Granting Exemptions From Certain Rules of Regulation SHO Related to Hurricane Sandy).

³ See Letter from Ira Hammerman, Senior Managing Director and General Counsel, SIFMA, to Brian Bussey, Associate Director, Division of Trading and Markets, Securities and Exchange Commission, dated December 12, 2012, available at <http://www.sec.gov/rules/exorders/2012/34-68419.pdf>.

securities operations. With the efforts of DTCC expected to take several more months to complete, SIFMA is concerned that there may continue to be settlement delays for sales of owned securities, represented by physical certificates that were located in the vault at the time Hurricane Sandy made landfall. Accordingly, SIFMA requests that the previously provided Regulation SHO exemptions, specifically those related to the close-out requirements of Rule 204,⁴ “locate” requirement of Rule 203(b),⁵ and the exemption from Rule 200(g)(2),⁶ in which broker-dealers may mark applicable orders as “short exempt”, be extended by three months to May 5, 2013.

* * *

SIFMA greatly appreciates the Commission’s consideration of this request for relief. If you have questions or need further information, please do not hesitate to contact me at 202-962-7383 or tlazo@sifma.org

Sincerely,



Theodore R. Lazo
Managing Director and
Associate General Counsel

⁴ See 77 FR 74893.

⁵ *Id.* at 74892

⁶ *Id.*