

ORRIN G. HATCH
UTAH

PATRICIA KNIGHT
CHIEF OF STAFF

104 Hart Senate Office Building

TELEPHONE: (202) 224-5251
TDD (202) 224-2149
FAX: (202) 224-6331

Website: <http://www.senate.gov/~hatch>

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The Honorable Chris Cox
Chairman
Securities and Exchange Commission
Washington, DC 20549

Dear Chairman Cox:

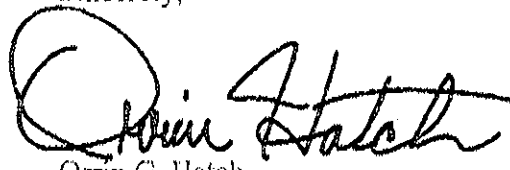
I write to commend the Securities and Exchange Commission for recent actions to tighten Regulation SHO, and to restate my support for additional changes that will benefit our securities markets.

The decision by the Commission to tighten Regulation SHO by eliminating the grandfather provision and proposing to eliminate the options market maker exception represents excellent first steps. In my view, eliminating the options market maker exception would ensure a level playing field for public companies and shareholders. Still, while I am convinced that eliminating the grandfather provision and the options market maker exception will strengthen Regulation SHO significantly, only the inclusion in Regulation SHO of a firm locate requirement and more transparency on failures-to-deliver will end the abuses associated with naked short selling.

In a September 19, 2006 letter to the Commission, I recommended that the Commission revise expeditiously Regulation SHO to (1) require a firm location of shares to be borrowed before a short sale can be executed, and (2) promote transparency by requiring timely disclosure of the volume of failures-to-deliver shares of companies on the Regulation SHO threshold list. I remain convinced that these actions will further strengthen Regulation SHO, helping to end the manipulative practice of naked short selling, a practice that distorts securities markets and harms businesses and their investors.

Thank you for your continued attention to these matters. I look forward to the Commission issuing and completing a notice of proposed rulemaking that will implement these two critical changes and make Regulation SHO more effective. In addition, I would appreciate learning the Commission's timetable for proceeding with its proposal for the elimination of the options market maker exception.

Sincerely,



Orrin G. Hatch
United States Senator

OGH:bdd