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Director of Securities

September 5, 2007

Via Electronic Submission

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: Comments on Amendments to Regulation SHO
Options Market Maker Exception and Documenting the Location of Long Sales
File No. S7-19-07

Dear Ms. Morris:

The Utah Division of Securities appreciates the work the Commission has done in monitoring the operations of Regulation SHO since its 2005 inception and in recognizing the need to take additional action to prevent abusive trading by short sellers.

On September 13, 2006, the Division sent a comment letter relating to File No. S7-12-06, strongly urging the SEC to eliminate grandfathering, eliminate the options market maker exception, and shorten the time frame for closing out open fail positions. The Division also recommended a number of other actions that we believe would reduce the number of settlement failures and would reduce opportunities for abusive short selling. These included mandatory pre-borrowing, preventing multiple short sellers from relying on the same "locate," disclosure of each broker-dealer's aggregate fail positions for each issuer, and mandatory buy-in by an SRO or DTCC when a broker-dealer fails to deliver securities at settlement.

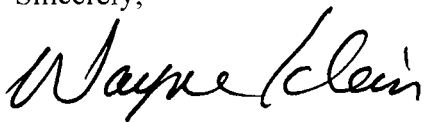
On June 13, 2007, the SEC approved the first part of the changes it proposed in June 2006; it eliminated the grandfather provision of Regulation SHO. The Commission now is proposing (again) to eliminate the market maker exception to the close-out requirement and require short sales marked as long to identify where the long securities are being held.

The Division strongly believes these additional changes are appropriate and necessary to ensure that opportunities to engage in abusive short selling are minimized. We reiterate the recommendations in our September 13, 2006 letter that the options market maker exception should be eliminated. We oppose the hedging alternatives included in the most recent rulemaking proposal. In addition, we agree that broker-dealers should be required to document the present location of shares where the short sale is marked as long.

The need for action is clear. The justifications for taking these steps are demonstrated by the analyses of the causes of persistent fails performed by the NASD, NYSE, and OCIE. Moreover, the large number of significant enforcement actions taken by the SEC and SROs over the past several years relating to short selling abuses demonstrates both the enormous financial incentive for hedge funds, brokers, and traders to engage in these practices and the inadequacy of current regulatory limitations.

The two actions currently proposed by the SEC are important – but still insufficient – steps toward preventing serious abuses. These actions must be taken now. The Commission and SROs also should continue their vigilant enforcement efforts against abusive practices. Finally, the Commission should evaluate the potential benefits of additional steps such as increased disclosure of the volume of outstanding fails and mandating buy-in of delivery failures.

Sincerely,

A handwritten signature in black ink that reads "Wayne Klein". The signature is written in a cursive, flowing style.

WAYNE KLEIN
Director