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September 15, 2007

Nancy M. Morris
Secretary
Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File # S7-19-07

Dear Ms. Morris,

I thank the Commission for the opportunity to again comment on Regulation SHO. I also applaud the Commission for posting all the comment letters received whether serious, clueless, or driven by a concerted effort by those who have made investment decisions that did not work out and the culpable CEO's who ignore their own performance and are happy to continue promulgating myth's.

In looking at the locate exemption granted to option market makers, it is incumbent upon us to look at what they add to the market and for how long will they be relevant. As with equity market makers, penny pricing and the development of execution platforms that allow client orders to directly interact will have a huge impact on option traders. If the option exchange's, Option Price Reporting Authority and the market data vendors can assure the public of their ability to process quotes and trades, the Commission should move as expeditiously as possible to implement penny pricing in the largest (by volume and market capitalization) 500 to 1000 securities. Eventually I would hope that the penny program would migrate to all option securities, which would allow market forces to dictate spreads. As happened in the equity world, option market makers would deploy their capital where most needed and where they can make the most money. In doing so the amount of hedging required would become more fluid.

As written in my comment letter dated September 19, 2006, I now again urge the Commission to change their thinking on short sales. Short sales are necessary to the market place, doing locates is necessary to the efficiency of the settlement process, however the remedies in place under current rules, do not weigh heavily enough on broker-dealers to ensure the proper emphasis. If the Commission were to adopt my

suggestion and require a punishing amount of capital aside to cover open fail to delivers, you would see an almost immediate clean up of these items.

Sincerely,

**David G. Serena
President**