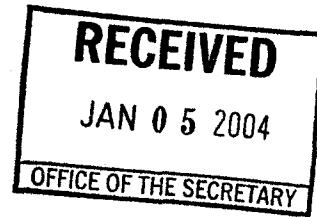


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12/20/03

57-23-03

Dear Sir/Madam,

This is a comment on a proposed SHO regulation currently under review.

My name is Gregory Rivine, and I have been trading full-time since 1999, both in the capacity of a proprietary trader and as an individual investor (actively trading). I believe I represent a fair sample of what media refers to as "small individual investor, actively involved in the stock market".

1. I consider the new regulation SHO proposal to be ill-conceived, not considerate of all the aspects of fair market interaction, and, as such, playing to the special interests of a very small group (number-wise), that is a very influential part of trading community. That small group, obviously the "big names Market Makers", who are obviously lobbying for it, will gain an unfair advantage over other participants of the market, being the only ones able to execute short sales at any price under any circumstances, under the exception rule as "special market maker activity".

The proposed "1 c above the bid price" rule will effectively preclude anybody (without the precious exception right) from short selling, period. This seems to be the hidden goal of this regulation, and it is just not making too much sense. The current rule "Uptick only", which I believe is archaic and outdated, going back to 1930's, is restrictive enough to stop many (most) from short selling under normal market conditions. I believe that in all fairness, as the SEC doesn't restrict traders from purchasing the securities at the current offer price, or even higher prices, if one wishes, then by the same token any market participant should be able to willingly sell (or short sell, regardless) at the best bid price, or lower. Why should there be a difference? Initiating a short position in anticipation of a price decline is no different from initiating a long position in anticipation of price appreciation, and they should be treated equally, meaning allowing both at any time. If they are not treated equally, then you might as well admit that certain participants, receiving a preferential treatment by getting "exceptional right to be able to short sell" are being put into an advantageous position, and explain the reasons for doing so. The market should be even and fair.

2. The same viewpoint applies to both pre-market and after-market activities. Why shouldn't somebody be able to sell / short sell stock to another participant advertising their intention to buy on the bid, being that at 5 PM or 8.30 AM?

3. The "borrowing rule" makes some sense for the short positions that would be open for a number of days. Any day-trading activity, where short positions are closed before the end of the trading day, should not be limited by "borrowing rule" since there really is no harm done by short-term open "naked" short position. As long as that position is closed before the "marking to the market", usually 8 PM with most clearing houses.

4. Short selling - as well as any trading - should be restricted, if the market moves severely, more than a certain percentage, like the trading curbs that are in effect now. That part I fully agree with.

Thank you for your attention.

Respectfully
Gregory Rivine.