

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-59855; File No. 4-581]

Roundtable on Short Selling Price Test Restrictions and Short Sale Circuit Breakers

AGENCY: Securities and Exchange Commission.

ACTION: Notice of roundtable discussion; request for comment.

SUMMARY: In light of current instability in the financial markets and the erosion of investor confidence, the Commission is evaluating the issue of short sale price test restrictions and short sale circuit breakers. On April 8, 2009, the Commission unanimously voted to propose two new approaches to short selling regulation. The first approach proposes two permanent market-wide short sale price test restrictions. The second approach proposes three circuit breaker rules that, when triggered by a significant intraday decline in a security's price, would impose either a temporary halt on short selling of an individual security, or a temporary price test restriction.

The proposing release is available on the Commission's Internet Web site at <http://www.sec.gov/rules/proposed/2009/34-59748.pdf>. The Commission will host a roundtable to discuss the effectiveness and impact of short sale price test restrictions generally, as well as the proposed regulatory alternatives. The roundtable discussion will be held in the auditorium of the Securities and Exchange Commission headquarters at 100 F Street, NE, in Washington, DC on May 5, 2009 from 10:00 am to approximately 3:30 pm. The public is invited to observe the roundtable discussion. Seating will be available on a first-come, first-served basis. The roundtable discussion also will be available via webcast on the Commission's Web site at www.sec.gov.

DATES: The roundtable discussion will take place on May 5, 2009. The Commission will accept comments regarding issues addressed in the roundtable discussion and otherwise regarding the proposed rule amendments until June 19, 2009.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (www.sec.gov/news/press.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number 4-581 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number 4-581. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov>). Comments are also available for public inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: The Division of Trading and Markets, at (202) 551-5720, Securities and Exchange Commission, 100 F Street NE, Washington DC 20549-7561.

SUPPLEMENTARY INFORMATION: On April 8, 2009, the Commission proposed amendments to Rule 201 of Regulation SHO under the Securities Exchange Act of 1934. The proposed amendments would permanently place restrictions on the prices at which NMS stocks may be sold short (“short sale price tests” or “short sale price test restrictions”) or would impose temporary limitations on short selling in a particular NMS stock during a specified market decline in the price of that security (“proposed circuit breaker rules”). In connection with the proposed short sale price tests and the proposed circuit breaker rules, the Commission also proposed to amend Regulation SHO to require that a broker-dealer mark a sell order “short exempt” if the seller is relying on an exception to a proposed short sale price test restriction or a proposed circuit breaker rule.

The proposed amendments would come almost two years after the Commission eliminated all short sale price test restrictions in July 2007. Prior to removing short sale price test restrictions, the Commission reviewed the issue extensively, sought public comment and directed staff study and empirical analysis on the market impact of short sale price test restrictions over a period of several years.

As the current financial crisis has continued to erode investor confidence, the Commission has received requests from many commenters to consider imposing restrictions with regard to short selling, in particular to reinstate some form of short sale price test restrictions. Due to the extreme current market conditions, the Commission believes it is appropriate at this time to examine and seek comment on whether to impose a short sale price test or a short sale

circuit breaker rule. The May 5, 2009 roundtable will help ensure that any policy decisions the Commission makes based on these proposals is the product of a highly deliberate evaluation process.

By the Commission.

Elizabeth M. Murphy
Secretary

Dated: May 1, 2009