

July 24, 2008

To Whom it may concern,

I have been reading with interest many recent articles about naked short selling and the market makers position that they need to be able to do it in order to allow the functioning of the markets.

It is obviously a delicate issue, however I believe that naked short selling defeats the quintessential definition of the free market.

As the market is an expression of supply and demand, the creation of an unlimited theoretical supply is a form of control of the free market, hence the market becomes regulated.

If there many buyers and not enough sellers, well... let the stock do what the market decides, NOT what the market makers decide.

Any options expiration week shows evidently how the MMs use this rule to manipulate the market and decide at which price the stock should settle. They don't win every battle, but most of them.

They are obviously against any limitation to their power to sell naked, because they make a great deal of money doing so and because their costs will go up as they would have to invest more money in derivatives to hedge their positions.

However the American economy, the American consumer and therefore the U.S. consumer confidence would benefit immensely from the equity rally that would follow a decision to ban naked short selling once and for all.

Best regards,
Paolo Landini