



CENTER FOR CAPITAL MARKETS

C O M P E T I T I V E N E S S

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September 13, 2007

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Release No. 34-56213; File No. S7-19-07

Dear Ms. Morris:

The U.S. Chamber of Commerce is the world's largest business federation, representing more than 3 million businesses and organizations of every size, sector, and region. We believe that fraudulent naked short selling remains a serious problem for a number of small and medium public companies and their shareholders.

First, we'd like to applaud the U.S. Securities and Exchange Commission's (SEC) recent decision to amend Regulation SHO to eliminate the grandfather provision. In addition, we appreciate the opportunity to offer comments to the SEC on its proposal to further reduce the number of persistent fails to deliver in certain equity securities by eliminating the options market maker exception.

The Chamber supports the proposed elimination of the options market maker exception. Thirteen days should be sufficient time to close-out a failure to deliver related to an options position that has expired or been liquidated.

Unfortunately, we believe that the proposed reforms do not extend far enough to resolve the issues related to fraudulent naked short selling. As mentioned in our previous letters dated April 26, 2007, January 23, 2007, and September 13, 2006, we remain convinced that serious settlement failures will persist and companies will remain on the Threshold list for too long if the SEC does not implement additional reforms.

Accordingly, we reiterate our support for the implementation of these additional reforms:

- First, we support a requirement that all short sellers of threshold securities either (i) have possession of the stock in question or (ii) have entered into a bona fide contract to borrow in advance of the sale.
- Second, we believe that the SEC should provide issuers with increased transparency by reporting the aggregate daily volume of fails included on the Threshold list. There are companies that have a limited capacity to redress the situation due to the lack of transparency regarding the failures that are affecting their stock. We remain concerned about the companies who continue on the list for extended periods of time and believe that increased disclosure is necessary to fully remedy the situation.
- Third, we believe that the SEC should make sure that institutional investors include short positions as part of their Form 13F disclosures. We urge the SEC to clarify that 13F includes short as well as long positions and to enforce 13F. This will provide issuers and investors with a greater understanding of trading activity without compromising the proprietary trading strategies of institutional investors.

Without these supplementary reforms, certain companies will not fully realize the intended benefits of the recent amendments to Regulation SHO. Although the current rule supports the legitimate short selling which plays an important role in our capital markets, it does not extend far enough to protect many companies and their shareholders against abusive naked short selling. These practices will continue to plague smaller and mid-size companies if the SEC does not take action to regulate more tightly the pre-borrow requirements and increase transparency and disclosure regarding the practice of short selling.

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Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael J. Ryan, Jr.", written in a cursive style.

Michael J. Ryan, Jr.
Senior Vice President and Executive Director
U.S. Chamber Center for Capital Markets Competitiveness

cc: Christopher Cox, Chairman, U.S. Securities and Exchange Commission
Paul S. Atkins, Commissioner, U.S. Securities and Exchange Commission
Roel C. Campos, Commissioner, U.S. Securities and Exchange Commission
Kathleen L. Casey, Commissioner, U.S. Securities and Exchange Commission
Annette L. Nazareth, Commissioner, U.S. Securities and Exchange Commission