

CENTER FOR CAPITAL MARKETS COMPETITIVENESS

OF THE

UNITED STATES CHAMBER OF COMMERCE

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October 8, 2008

The Honorable Christopher Cox
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Cox:

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 applaud the Commission's efforts to eliminate naked short selling, rumor mongering, and other abusive trading practices. These actions will contribute to greater long term stability in our marketplace.

As the Emergency Order restricting short selling in certain financial services companies expires, we urge the SEC to quickly move toward regular rulemaking in this area, with an appropriate period for public notice and comment, to address legitimate problems in the market. We encourage the Commission to implement reforms that will maintain the liquidity and price discovery benefits of short selling while ensuring that public companies are adequately protected against abusive trading practices. Particularly, we urge the Commission to focus on four areas:

- Developing an effective market mechanism that would help thwart abuse and manipulation during periods of significant downward pressure. While a majority of our members and market participants support a circuit breaker approach, we know that some have also called for a modified uptick rule. A circuit breaker mechanism should be designed to minimize manipulative trading ahead of the trigger while not impeding trading in normal conditions. The mechanism should be effective, transparent, implementable, and capable of helping to instill confidence in our currently distressed markets.

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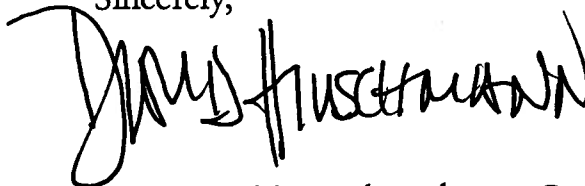
- Implementing a permanent disclosure framework for reporting short positions that will ensure that the Division of Enforcement has the information necessary to detect and prosecute fraud and abuse in our markets.
- Ensuring the effectiveness of steps it has already taken by strictly enforcing the borrowing and delivery statutes tied to short selling, which have been unevenly enforced in the past.
- Eliminating extended settlement failures that facilitate naked short selling. We note that Rule 204T has caused a substantial drop in the number of new firms suffering from settlement failures serious enough to be placed on the Threshold List. We call upon the Commission to take permanent and economically rational steps to further reduce settlement failures in our markets.

While we urge the SEC to take these important steps, we appreciate the broader challenges that must be addressed as part of the modernization of our financial services regulatory structure, including the potential for manipulation and fraud within the CDS market. We are encouraged by the steps being taken to build a clearinghouse for this market and look forward to working with all parties to address this and other needed improvements to our outdated regulatory structure.

Your actions are critical to preserving well-functioning and liquid markets, preventing illegal naked short selling, and providing increased protections to investors and confidence to the marketplace. We strongly encourage you to consider the above points and look forward to continuing our work with the Commission and its staff.

Please do not hesitate to contact me if I can be of any assistance.

Sincerely,

A handwritten signature in black ink that reads "James Husemann". The signature is written in a cursive, slightly slanted style.

cc: Kathleen L. Casey, Commissioner, U.S. Securities and Exchange Commission
Elisse B. Walter, Commissioner, U.S. Securities and Exchange Commission
Luis A. Aguilar, Commissioner, U.S. Securities and Exchange Commission
Troy A. Paredes, Commissioner, U.S. Securities and Exchange Commission
Erik R. Sirri, Director, Division of Trading and Markets, U.S. Securities and Exchange Commission