



# STATE OF UTAH

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84114-2220

JON M. HUNTSMAN, JR.  
GOVERNOR

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LIEUTENANT GOVERNOR

September 4, 2007

*Via Electronic Submission*

Nancy M. Morris, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

Re: Comments on Regulation SHO Amendments  
File No. S7-19-07

Dear Ms. Morris:

On behalf of the State of Utah, I appreciate the initial step the Commission took on June 13, 2007 to eliminate the grandfathering provision of Regulation SHO. This was an important first step in reducing the incidence of abusive short selling, rebuilding investor confidence in the integrity of the clearing and settlement processes, and helping public companies detect and deter manipulative trading of their securities.

However, elimination of the grandfathering provision alone is not enough. For the reasons set forth in my September 8, 2006 comment letter on File No. S7-12-06, the Commission needs to adopt the balance of the proposed amendments to Regulation SHO. The examinations conducted by the Commission and SROs, along with enforcement actions taken by regulators throughout the past two years, provide powerful evidence that the persistence of unresolved fails for certain securities requires not only elimination of the grandfathering provision, but also elimination of the options market maker exception. In addition, I urge the Commission to require that broker-dealers marking a short sell as long be required to document the present location of the securities being sold. This documentation requirement will reduce abusive trading itself, as well as facilitate governmental investigations of suspected manipulative practices.

Please act quickly to complete this needed reform so the Commission and other regulators can measure whether these changes resolve this serious problem or whether additional rulemaking or legislation is necessary.

Sincerely,

A handwritten signature in black ink that reads "Jon M. Huntsman, Jr." with a stylized flourish at the end.

Jon M. Huntsman, Jr.  
Governor