

August 12, 2008

Dear Sirs/Madams:

I find it quite interesting that the DTCC has commented on this matter claiming that FTD's (naked shorting) are statistically insignificant. If it could be shown that failures were occurring evenly across the market I might agree with their claim, but only a hundred or so companies show up on the RegSHO list which shows that the failures are more concentrated in a select few stocks - many of which are small caps where naked shorting is most destructive. This practice creates a huge imbalance and an unfair market in those stocks that are targeted. Furthermore, this claim by the DTCC only shows that more transparency is required on all sides of shorting. The DTCC needs to open their books and show who is responsible for the failures and in which stocks are these occurring (both broker and institutions should be listed). Second, institutions and hedge funds alike should be required to report their holdings long AND short. Why bias the game such that only longs have to report holdings? Why do short funds require secrecy? It is policies such as these that are destroying trust in our market.

In summary:

I support the elimination of naked shorting in it's entirety and tightening the settlement process to a few minutes from 3 days.

I support the elimination of the market maker exemption.

I support amendment to rule 203(b)(3)(iii) of Regulation SHO - completely eliminating the close out exemption for option market makers as proposed.

I support amendment to rule 200(g)(1) which will require a "locate" on short sales securities and proper marking of sales as "long" or "short".

I support the requirement for short positions to be equally disclosed along with long positions by institutions and hedge funds, as well as the DTCC itself.

I support the reinstatement of the short-on-an-up-tick rule which has created a dramatic increase in market volatility and manipulation of small cap companies.

Please help restore retail investors' trust in the markets, and you as an enforcement agency, by acting quickly on the above.

Sincerely,

Curt Whitaker