

FINANCIAL INFORMATION FORUM

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New York, New York 10004

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July 26, 2010

Josephine Tao
Assistant Director, Office of Trading Practices
Division of Trading and Markets
U.S. Securities and Exchange Commission
100 F Street, NE,
Washington, D.C. 20549-1090

Re: Request for Exemptive, Interpretive or No-Action Relief from Rule 201

Dear Ms. Tao,

The Financial Information Forum's Short Sale Implementation Working Group, (the "working group") and the staff of the Commission have been discussing various matters concerning the implementation of Rule 201. The working group believes that the staff should consider the following exemption for the facilitation of Customer or Dealer Sell Short Order as Riskless Principal When Firm's position is Net Long.

If a Broker Dealer receives a Customer or Dealer order to Sell Short, and the Broker Dealer's facilitation of this order will be in the capacity of Riskless Principal, the Broker Dealer faces a challenge in the execution of this order when the Firm's position in the underlying security is net long, if a Price Test is in effect. In order to facilitate the execution of this Sell Short order, the Broker Dealer will need to send a Sell order into the marketplace that will directly affect the Firm's inventory account. A subsequent execution to the Customer or Dealer Sell Short order as Riskless will offset the Broker Dealer's transaction that occurred in the market place as well as the Firm's position.

A scenario is as follows:

A Broker Dealer that is handling the execution of a Customer or Dealer Sell Short MKT or Limit order for 1000 shares as Riskless Principal, is Long 1000 shares in position. A price test is in effect for the underlying security. Prior to a Price Test being in effect in the underlying security, the Broker Dealer would be able to facilitate the execution of this order by effecting Sale/s from its inventory account as a Long Sale/s. This trade will be marked Long since the Broker Dealer's position is in fact Long 1000 shares.

With a Price Test in effect, and because the Customer or Dealer order is a Sell Short order, the Broker Dealer cannot execute that order at a price that is equal to or lower than the Inside National Best Bid. As such, the Broker Dealer will no longer be able to facilitate this order by sending a Long Sell order from its inventory account into the

market place. Additionally, the Broker Dealer would not be able to send a Sell Short Exempt order into the Marketplace for its inventory account because, even though the execution of the Customer or Dealer order is being handled as Riskless Principal, a Short Exempt order will still be allowed to interact with the Inside National Best Bid and in turn as Riskless, that price cannot be passed back to the Customer or Dealer marked as a Sell Short order.

The Working Group requests that relief be given, to allow Broker Dealers to handle the execution of Short Sell orders under these conditions, by sending a "Sell Short" order into the market place even though the Broker Dealer's position is Net Long. Members of the working group are available to further discuss these requests with the staff. The working group appreciates the staff's consideration in this matter.

Respectfully,

Sincerely,

A handwritten signature in black ink that reads "Manisha Kimmel". The signature is written in a cursive, flowing style.

Manisha Kimmel
Executive Director
Financial Information Forum
On behalf of the FIF Short Sale Implementation Working Group

cc: Victoria Crane, Branch Chief, Division of Trading and Markets, U.S. Securities and Exchange Commission