

MEMORANDUM

TO: File No. 4-627

FROM: Lillian Hagen
Division of Risk, Strategy and Financial Innovation

DATE: October 19, 2011

RE: Meeting with short sellers (hedge funds, mutual funds, high-frequency traders) regarding Dodd-Frank Section 417(a)(2) short sale study

On January 28, 2011, Bruce Kraus, Amy Edwards, Sandra Mortal, Gopa Biswas, Jonathan Greenstein, Chuck Dale, Rick Bookstaber, Christian Sabella, Angela Moudy, Laura Magyar, Eric Peterson and Walter Hamscher from the Securities and Exchange Commission met with Mike Mendelson and Brendon Kalb (AQR), John McCarthy (GETCO), Jim Chanos (Kynikos Associates), John Hussman (Hussman Strategic Growth), Jim O'Donnell (Forward Tactical Growth) and Bruce Elliot (Camden Leveraged Arbitrage).

The participants discussed how the study's short position reporting requirements and the pilot transaction marking regime might affect short sellers' behavior, trading strategies and returns. The participants also discussed how short sellers use current short selling information and how they might use information on other short sellers' positions in real-time or on marks on the consolidated tape. Participants also discussed the feasibility and costs for short sellers of reporting their own positions in real-time.