William C. Bitting
St. Louis, Missouri

February 7, 2007

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

Re: Comments on Proposed Amendments to Regulation SHO
File No S7-12-06

Dear Secretary Morris,

I find the current failure of the stock settlement system hard to reconcile with how the "paperwork crisis" was directly confronted in June of 1968 when trading on the NYSE and OTC markets were closed every Wednesday until year-end to give Wall Street a chance to survive a crisis in bookkeeping. I think it is not an exaggeration to say today's crisis isn't so much paperwork as it is a crisis of ethics, integrity and honesty.

In 1968 it was Tom Brokaw's, The Greatest Generation, who having lived through the depression, fought and won World War II, and returned to the private sector that had resumed significant positions in life of the nation in business, politics, and the foundation institutions of the country, such as the New York Stock Exchange. Duty Honor Country were etched deeply into their souls. Heads of major U.S. corporations wrote in their annual reports to justify their high salaries that their pay was the equivalent to the after tax earnings of eight maintenance workers.

In those days the settlement of the majority of stock transactions involved the physical delivery of stock certificates by the selling broker to the offices of the buying broker. Only upon "good delivery" was a check picked up to cover the purchase cost of the stock delivered. Good delivery of the stock was the first part of the settlement process; the payment by check only happened with good delivery. Those transactions were settled in accordance with provisions the 1933 and 1934 securities acts.

Among the institutions created to solve the 1968 paperwork crisis was the Depository Trust Company, predecessor to the present The Depository Trust & Clearing Corporation (DTCC). Apparently along the way to today's settlement systems was erosion by bits and pieces of the bedrock of the 1968 settlement process of first making good delivery of the stock sold, so that today it is only the payment side of a stock transaction which takes place on settlement date.

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In the Wall Street Journal its columnist, Holman W. Jenkins, Jr., in his column on April 12, 2006, Do Nudists Run Wall Street, had this to say about present day settlement system:

> Now nobody doubts that a certain amount of the latter [naked shorting] is accommodated by the clearing and settlement system, which requires shares to be delivered three days after a trade and will allow longer "failures to deliver" more or less on demand.

He later writes about this sort-of-settlement-if-convenient present day system as

> ...an acceptable kludge, helping the market work better.

Well, thank you Mr. Jenkins. A sort-of-settlement kludge for the world's biggest stock market is the prescription for settling trillions of dollars in trades in the United States. Anybody heard of the United Kingdom? Let's export all our market talent and jobs to some place where a kludge isn't good enough.

Respectfully, William C Bitting St. Louis, Missouri

Private Citizen
Son of and brother to
Members of the
Greatest Generation, deceased