
STATEMENT BY MICHAEL N. CASTLE ON SECURITY AND EXCHANGE COMMISSION BAN ON SHORT SELLING -- September 19, 2008

"In March of this year, I wrote to Securities and Exchange Commission (SEC) Chairman, Christopher Cox and raised questions about the practice of 'short selling' and specifically about the SEC's decision to eliminate the 'uptick rule,'" Rep. Castle said. "This rule has required investors to wait until a stock price was rising before profiting from its decline. In July 2007, the SEC removed the long-standing 'uptick rule,' which had been in place since 1938 and, while criticized by some as outdated, was credited by others for reducing substantial market volatility.

"Today, the SEC issued a temporary rule to limit certain types of short selling in major financial firms to prevent market manipulation. The new SEC rule will ban the practice of betting against financial stocks through October 2.

"I am hopeful this new rule will benefit the investment community and bring more stability to the market. I intend to watch the impact, if any, this temporary change will have on the market to see if these changes should be extended further.

"The practice of short selling involves borrowing a company's shares, selling them, and profiting when the stock falls. Some believe short selling has increased market capital but the SEC indicates with this rule that it may play a role in the decreased values of investment, specifically with commercial bank stocks."

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