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I enter this discussion aware that most academic literature suggests that short sell transactions add liquidity to the market place, reduce bid ask spreads, and aid in price discovery. And, outside of the two recent enforcement actions for Reg SHO violations, I have not seen evidence that suggests short sellers are responsible for pricing a security at a level that is inconsistent with its fair value. Restated, for the vast majority of company, I do not think short sellers “manipulated prices” or engaged in “abusive trading” during the financial crisis. For these and other reasons, I believe short sellers have an unfair reputation in the court of public opinion. However, I come to the Commission happy to know that it is carefully and cautiously evaluating any potential regulation changes related to short sale transactions.

Now onto the topic of the panel – disclosure. To me, good disclosures should meet two basic principles. **The first is that each disclosure requirement should stand on its own feet. In other words, it should provide real value to individual investors and the marketplace as a whole even when the required costs are considered.** And, when considering cost, we of course need to evaluate both the direct and the very real indirect costs.

**The second belief with respect to short sell disclosure is that short sellers should not be subject to more onerous requirements than long only managers.** The reason for this is that it creates an unlevel playing field that benefits one type of market participant over another. It also furthers the misconception that we are irresponsible investors that need to be scrutinized closer than long only managers.

Now I will make a couple of quick comments on three specific disclosures. With each, I will attempt to consider these two principles.

1. In general, I think short sell disclosure should match disclosures that are required for long positions. More specifically, I think short positions should be reported alongside long positions in forms such as the 13F and 13D. In addition to serving a similar purpose to the current long reporting requirements, such short sale disclosures could also provide other value as well. For instance, by capturing positions on both sides of a trade, it could be determined that a manager has a large boxed position. Such information could provide some insight into issues like empty voting.
2. Next up are failure to delivers. While this is much less of an issue than pre-204T, I see a benefit of disclosing historical fails if the Commission thinks this information could help it tighten up an already good regulation and further limit the number of fails going forward. Since fails hurt a

market's integrity and can occur on all types of transactions, this disclosure may be worth maintaining for this purpose alone. If the Commission ends up agreeing, I suggest this data be made non-public.

3. The last specific disclosure requirement I hope our panel discusses is the aggregated short sell data that is now reported twice per month by the exchanges. This is a widely used industry metric and it is one that most believe is very important. Unfortunately, I believe it underestimates the actual number of shares sold short. Its major flaw is that it lacks positions held at non-US firms. In addition, it is my understanding that it may also exclude positions held in arranged financing platforms, SWAPs and enhanced leveraged relationships that are set up in the United States.

Unfortunately, I believe this data is a cornerstone needed to fully understand short sells, their corresponding purchases, and the stock loan industry overall. In other words, if we want to have a thorough understanding of what is happening in the financial markets, I suggest a careful analysis on what can be done to get this figure described more fully and completely.

When putting all of this together, I encourage the SEC to also consider the pending regulation to make hedge fund managers become registered. If this gets enacted, these managers will be required to maintain hordes of transaction level data that presumably includes a high percentage of the short sell transactions. With just this one change, the SEC would then have access to far more information on short sell transactions than ever before.