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CAPITAL MARKETS AND
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September 29, 2016

The Honorable Mary Jo White
Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chair White:

I am writing to inquire as to whether the Securities and Exchange Commission ("SEC" or "Commission") has undertaken any efforts to develop rules that would require institutional investment managers to disclose short positions in a manner similar to how long positions are disclosed.

As you are aware, institutional investment managers are currently required to report their long positions under section 13(f) of the Securities Exchange Act of 1934. Similarly, section 13(d) of the Securities Exchange Act requires a person or a group of persons who acquire a 5% equity stake in a public company to disclose that position. Both of these reporting requirements were put in place to enhance the transparency of our capital markets and provide important information to market participants.

In recent years, the Commission has received two rulemaking petitions calling on it to use existing authority to enact rules that would require investors to disclose short positions in a company.¹ Both of these petitions cite the benefits to market transparency and competition that could result from such disclosures.

Ensuring that material information is provided to investors and the capital markets is a critical part of the SEC's mission, and information regarding significant short positions could help facilitate price discovery. However, given the important role that short-selling plays in our equity markets, any new disclosure rules from the SEC must not serve to impede this critical market activity.

Given the importance of this issue, I would appreciate a response updating the Subcommittee on the extent of the SEC's efforts on this issue, including any analysis the SEC has performed to determine whether such disclosures would be a net benefit to the capital markets.

Sincerely,



Scott Garrett
Chairman
Subcommittee on Capital Markets and Government Sponsored Enterprises

¹ See rulemaking petition 4-689 <https://www.sec.gov/rules/petitions/2015/petn4-689.pdf>; rulemaking petition 4-691 <https://www.sec.gov/rules/petitions/2015/petn4-691.pdf>