

Hello,

I am sending my comment by email since when I try to submit the online form on the SEC website I get an error saying " You don't have permission to access "<http://www.sec.gov/cgi-bin/ruling-comments>" on this server.". I also attached a word file in case it is preferred.

I never thought about sending a comment of my own to the SEC, but it came to my attention that the percentage of comments from individual investors is rather low, so I am here doing my small part hoping that will change.

While amendments that promote greater market transparency are welcome, the magnitude of the proposed changes should be higher in order to allow the SEC to regulate financial institutions and individual investors in near real-time (and not for what happened in the past or what was reported).

And even though I am commenting on the proposed amendments to the New Exchange Act Rule 13f-2, the same could be said for many other proposals by the SEC, such as the Beneficial Ownership Reporting Amendment and others of similar scope.

Why should "certain" institutions only report their short positions on a monthly basis? Specially when "certain" market makers and their affiliates handle trades and have short positions in orders of magnitude higher than the 5% needed to report beneficial ownership. If the later has to be reported within 10 days (hopefully 5 in the near future), short positions that exceed the equivalent of a 5% long position should also have to be reported within 10 or 5 days (why not 0 days?).

In a modern era where, allegedly, payment for order flow, internalization of trades, dark pools, naked shorting, spoofing, swaps, etc., are "needed" in order to improve liquidity in the market and provide investors with instant trades with no fees and "better" price discovery, the regulatory measures need to (urgently) be matched to the plethora of tools available to financial institutions in order to have an efficient and transparent market. Failure to comply should be met not only with fines, but also with stricter actions, such as temporary bans that restrict market participation (so it doesn't become the "cost of doing business").

Another way to improve market transparency and efficiency would be to have a ledger (decentralized or centralized) where every financial transaction is reported, no matter the type. The ledger would then be filtered and validated by their respective regulators, such as the SEC. The ethics on whether reporting should be done automatically alongside a transaction and made public, or if there should be some sort of delay and "red tape" has many arguments in favor and against (conflicts of interest, matters of national security, etc.). But there is no excuse to having so many FTDs and delays in reporting with modern day technology (given the current rules with fairly wide deadlines of reporting). Also, synthetic shares should have a mandatory expiry date with an obligation to locate real shares, and this should be heavily enforced as they pose a substantial risk for overall market trust.

I am also of the opinion that changes don't have to be permanent. If it doesn't

already exist, the SEC could develop some sort of financial sandbox where new amendments and rules could be tested before being implemented while shielding the market from unpredicted behavior. Testing should be done by different types of market participants, and even if changes pass the sandbox test and get implemented, they could always be further amended or even retracted if it didn't improve transparency and efficiency.

There are other issues that merit a comment or further discussion, such as the amount of margin/leverage that financial institutions are allowed to work with, or the fact that the Direct Registration System for securities has little overall coverage, but that falls out of the scope of this comment regarding reporting of short sales.

Thank you for your efforts in improving market transparency, and I will keep following your work closely.

Kind regards,  
Pedro Fonseca  
An individual investor  
Scientific Researcher  
Stockholm, Sweden