

File No: S7-08-22

March 21, 2022

Dear SEC,

Firstly, thank you for allowing retail investors and institutions alike to approach your considerate minds. Please excuse my lack of knowledge in this sector, and understand many retail investors are just learning we have an avenue for communication to your Commission, and may not all know the best communication methods or ins and outs of the topics we're approaching, so please give us grace as we step out to help create more fair, orderly and efficient markets.

I understand your Mission Statement says to "maintain" markets as previously described, but many retail investors feel as if maintenance of the current market is no longer viable; we call for reform. Thank you all for working diligently and purposefully.

I try to answer each question in some way, although you will not find answers to all the sub questions listed by the SEC for consideration.

1. no comment
2. no comment
3. no comment
4. It is especially important that published data is aggregated and is as described, and that the data could then be analyzed using various tools and applications.
5. I do believe managers/institutions would avoid triggering the Proposed Reporting Threshold, but not because they're not deeply shorted in a stock, but that they have found a way to avoid it. This reporting requirement would make them give up the convolutedness that they hide behind. The lack of current transparency is working for Institutions and may not like to see it changed.
6. I believe all ranges of market cap securities should be covered in this rule. Any company can be considered "overvalued" and targeted for "short and distort" attacks. I looked up March 15th's most shorted stocks, and the top 10 came from small and medium cap stocks. I do believe fixed income securities should be included as bonds play a large role in market activities, along with the repo market "Corporate bond borrowing data provides an unparalleled insight into short positioning at a security and issuer level." ⁶ If bonds are also being used to fortify a short position, how they are used should be included. We're not going for a partial picture here. If the SEC wants short position reporting, it must include all the tools used. EFTs should NOT be excluded because they're highly abused by short selling. One fell swoop on a certain ETF that includes multiple securities that a company wants to (or actively is) short(ing) and it seems like a multiplier

effect that is even more untraceable. Yes, EFTs should be included in short position reporting.

7. / 8. I cannot calculate associated costs of including a wider range of numbers to get a more complete picture of "NET" short position, however, if the aim is to increase transparency and increase investor confidence, I can say with great certainty that having all derivative information be included in mandated reporting would help achieve these goals. If institutions can misrepresent a position's true label in order to convolute and distort, then all three value types should be reported. More data is better than less data, in my opinion. And if nothing shameful is being done, then the additional data will only prove that, too. Short positions can be hidden by turning it into a synthetic. By having both Options, call and puts, at the same strike, along with a short position of the underlying, a trader (or trading company) can "reverse" the positions of these. This lets the shorter keep their short position without delivering on their promise of shares. It effectively "resets" the transactions and the net loss is only that of the "reset transaction" fee, this value could also be reported. And I believe the large players even have access to lower fees, forgive me if that is incorrect. Also, in a 2013 SEC report it states: " It is unlikely that a broker-dealer would either be able to borrow shares or buy in the position without incurring or passing on the costs due to the high borrowing fees and large capital commitment associated with the trading." This may no longer be a deterrent to the traders as cost to borrow has been getting lower for certain heavily shorted stocks. I'm having a hard time finding historical data on cost to borrow prices back when this article was written, but I suspect cost to borrow then was higher than now on these heavily shorted stocks. Somehow the cost to borrow has been lowered in favor of these options trading activities, which pose regulatory and reputational risks. We can see how if only open short positions are reported, and not derivatives, it would be ineffectual to see the entire scope of a shorter's position. I understand a lot of programming and work will have to go into adhering to these new report requirements, so maybe focusing on at least options derivatives is a good start, but maybe hold the right to circle back to any other derivative markets that are suspected of being misused. Like I answer in Q11 I want to see derivative short positions weekly, as well. Hopefully, these listed ideas can help get rid of potential ill-gained profit opportunities existing from Put/Call Parities, considering only the top traders can facilitate this occurrence. Also decrease the occurrence of using deep in-the-money buy-writes or married puts.
8. see above
9. EFT creations or constructions should not be excluded from this rule. If not, it seems that securities can be bundled or broken up to avoid having to report from any time after the rule goes into effect. The aim is to be as airtight as possible in

regards to letting short position information escape, that will bring utmost transparency on this topic.

10. If a short position is held on an ETF AND a security(securities) within that ETF, both should be reported. It's a double short position that should not escape being recorded. If combined, it equals the reporting threshold, let it be reported. I don't understand the math exactly, but I can imagine a trader finding the fine balance between shorting an EFT and the targeted stock to remain just under the threshold. If combined, they equal a gross short position, please report.
11. I do not believe monthly reporting is appropriate to truly see the scope of many short positions. I appreciate it being listed in the rule to be 1/monthly minimum, but I call for weekly reporting to be required as an alternative frequency. I see where you broke down the reporting burden potential, and if they will likely pay programmers to capture the required information, it makes as much sense to have them designate the capture to be more frequent as it does to increase manager's time reporting. Increasing the programmer's workload up front would cost less than a manager's wage since their hourly average pay is less. The job may take as much time for the programmer regardless if the institution is required to report 1.monthly or 4.3/monthly (<--- 52weeks/12months).
If the trader's who are being protected from potential mimicry trading abuse, but know how most traders will trade BEFORE they trade via the use of these high tech prediction algorithms, then the least retail traders can receive is more frequent public reporting. Many Institutions use technology not accessible to retail that applies quantitative data to understand many aspects of how humans (traders) can be predicted to behave and therefore taken advantage of to better position their portfolios. Also, about the reporting period at the end of the WEEK, as I suggest above, let them take a week to gather their information and submit it. I believe this to be ample time. (Unrelated, but if they have to hire more American people to help get the job done, this is an overall win. More employment is a win.) I DO wonder, however, how we can incentivize this self reporting to be accurate and timely. Are we taking a page out of the FINRA Sanction Guidelines to say not adhering to this rule would be considered egregious and can be subject to not only monetary sanctions, but also bar and suspension of underwriting activities? I say monetary sanctions are not working now, nor will they likely work in any application in the future. Make them sit a time out for not playing fairly. Bars and Sanctions for participating will bring incentive to run a tighter ship.
12. I can only say on this topic that releasing bulk aggregated data for interpretation by CAT and the SEC and third parties takes out both additional work and human error.

13. Perhaps limiting the amount of times a manager can file an amendment can be capped, and after so many 'mistakes,' it can be looked at as intentional misreporting and must include a demand to submit true data, or a monetary sanction, going as far as a bar/suspension in activities for too many "mistakes". A fool me once, shame on you, fool me twice, shame on me, kind of thing. Not to say that the cap will be 2 misreports, perhaps 10 misreports on a rolling 4 month basis? I think a rolling basis is better than consecutive reporting periods. Furthermore, I believe these amendments should be made public, too, as instantly as possible. No need for delay with those. Again, I'll say monetary sanctions are not working now, nor will they likely work in any application in the future. Make them sit a time out for not playing fairly. Bars and Sanctions for participating will bring incentive to run a tighter ship. A minimum of 12 months rolling data collection is a must. It takes time for the activities of abusive practices to come to light. I suggest keeping records for the average time it takes the DOJ to finish investigating fraud. What would that cost? More server power for the SEC's databases? I don't know how to break down cost related prices on that one. I also think an error for data points of 25%+ is quite large. Maybe dial that back, say 15%. Managers should have the opportunity to refile only the data that is being corrected, hopefully that can be a small time saver. The incentives to do the right thing must be higher than previously enacted. I believe we can help make a rule that illuminates without causing undue hardship for traders.
14. no comment
15. Yes, include Broker-dealers to make clear their intention to "buy to cover" even if they don't have a gross short position. I don't fully understand the logistics of alternate accounts purchasing securities for another, but if it's the intention to cover these shorts, in whatever account, let the box be checked and made known what short position it is designated for. Again, transparency to increase investor confidence.
16. There are always costs to change. But these changes should not be flagrantly considered an undue hardship. The Benefit to Cost ratio here should be viewed toward better markets.
17. Net and gross short positions need to be attained fully by including the derivatives and ETFs, etc as listed above. So in my suggested case of bringing more data to the report, the cost may not change much either way.
18. I believe the current compliance rules on reporting orders to be short or long or short exempt are not being adhered to properly. I think I understand that this mismarking aids in failure to locate and then deliver. However the "bona fide" choosing of short exemption is described, I would love to see it expanded (to further narrow the exception) to ensure proper marking and market making. Locate identifiers should be revisited. Our technology is good enough for this to

be semi automated and say if a share is available or not. And while on the topic of selling a security not owned/located, a share that has already been borrowed should be unavailable to be borrowed elsewhere; surely it can be made physically impossible for the request to be processed with the use of a specifically programmed interface. This rule of borrowing money that isn't mine to pay for something I don't plan on covering if I'm wrong doesn't work for most of the country. Does your bank let you use IOUs to pay your mortgage? " Requiring Industry Members to identify short sales for which they are claiming the bona fide market making exception would provide the Commission and other regulators an additional tool to determine whether such activity qualifies for the exception," This idea is good.

19. The cost to retail investors has already been great. Again, there are always costs to change. But these changes should not be flagrantly considered an undue hardship.

20. - 34: There are always costs to change. But these changes should not be flagrantly considered an undue hardship. The Benefit to Cost ratio here should be viewed toward better markets. That which has been acquired through ill-gotten means, need be returned. Consider adopting these rules without making a fuss and suing the SEC a credit toward that which has been funneled from retail investors.

35. no comment

36. we can see some data, but reporting their exact gross positions is additive.

37. I believe Amending CAT to be a positive for ensuring regulatory activities. I write this whole letter in hopes that this proposal will help deter manipulative short selling behavior.

38. I don't believe short squeezes to be a form of retaliation as described so much as a normal equilibrium attempt at the market to level out. There seems to be very little risk to the shorters as has been seen in a number of memestocks. The buy orders far outweigh the sell and yet, the price continues to fall; if the market price is meant to reflect the sentiment of a company's worth, this seems like a conundrum.

39. No comment

40. no comment

41. There already has been a huge economic effect from short sellers. It seems billions of retail dollars has been essentially laundered, causing inequality among classes even higher. I feel like at the beginning of this memestock culture rise, an idea was brought up: "Biggest transfer of wealth in history" and the opposite has happened. The institution engaging in Dark pool trading, payment for order flow and scraping bits off of high frequency trades has been used en force to further undermine investor confidence in the entire market. These large investors seem to disregard the chance of any risk at all by betting a company stock price goes down or the company dies. And allegedly, if the company doesn't die, they'll make it.

42. I believe circumvention can be achieved through trading derivatives, and therefore reporting short positions in especially puts and calls is important. Deep in the money married puts is a tool used and abused.

43. When there is higher investor confidence in the market, capital formation will follow.

44.- 45. The less that is left to Self Reporting versus just automatic sorting of aggregated data for interpretation by the SEC, the better. When CAT is fully operational and launches, daily figures giving the number of shorts engaged, and other transactions leading to short positions, like the mentioned put options or writing calls, this information is wanted by retail investors. I'd like to see how helpful a market-wide short position estimate can be to retail, so I implore that being worked towards, as well, but find a way to include the options assignments (I understand CAT doesn't currently collect that). On Page 168, where it lists the larger expansion of CAT, where data from all short selling positions would be recorded, this seems more round robin and fair, and I agree that it could improve investor protections on multiple facets, but alas is more expensive. Until the voters can get congressmen to help vote for a larger budget for the SEC, it'd be a long road.

46. I hope this next suggestion is not considered out of scope, but I implore the SEC to consider a new approach to the Internship Programs. There are many Retail Investors with a myriad of skills from Programming to Logistics, that would be willing to help. Maybe amending and changing the requirements of having to be an active student can be modified, if not temporarily, so more self-studiers can put in some work. I believe there may be a way to achieve this without a conflict of interest. If the "revolving door" that allows previous SEC workers to go work for institutions, can also perhaps include some willing Interns, the appearance of fairness can be more easily seen. The retail investors can be a source of targeting issues more easily. You've mostly identified the issues, SEC, let retail help. Crowd Source us and allow some bright minds with a heart for fair markets to come on and aid in increasing transparency.

47. I think there is room for lowering the thresholds for reporting to include more managers and would be in favor of a lower number than the SEC believes to be fair.

48. see Q44 and 45

Also, if I may off track a bit here...If the NYSE is subject to the regulation of your Commission, how can we affect a ToS (Terms of Service) to be allowed to trade on it? Every app and device we use comes with ToS that practically has its users over a barrel. How can we ensure players play by the rules, lest they forfeit their right to play? We're coming after Section 19(b)/(b-4) next! Maybe, my brain needs a cooldown. God Bless y'all for your constant attention to our markets, that's quite the brain workout.

In 2003 47 of the letters opposed the rule (SR-DTC-2003-02) change, while 35 were in favor, yet, the rule passed anyway. I hope this will not occur again. Not to say that volume is everything as that can be spoofed *cough, cough* but let transparency prevail!

There seems to be a lot of talk in the rule about protecting the Managers. Against copycatting and retaliation, and extensive workload, etc. We NEED to keep in mind that a Manager is not the top of the decision making. Incentives to run a tight fair ship MUST be a common goal throughout the whole company. How can we begin to put in laws that can pierce the corporate veil and make owners, members, and shareholders personally liable for business debts and willingly negligence and blindness to fraud? What better incentives can be conceived than this?

I saw where some Rules were enacted 60 days after being voted on, but this rule, if adopted, should be put into effect post haste.

Hopelessness is easy in light of the way institutions have paved their own road to their own monetary success. This road seems to have shortcuts and blindspots to regulation and rules while the rest of the 'drivers' seem to hit every pothole and detours possible. I'm scared it's too late for many of these rules to have the effect that the 99% needs from its market. It reminds me of growing up in a small town with a particularly dangerous intersection that cost many lives before local law enforcement considered it prudent to install a light. Too much preciousness had been lost before they deemed it important enough to allocate funds to the cause.

Yes, hopelessness is easy, but I choose to trust the system as your Chair says he does. I believe in all your work. I hope you all can agree amongst yourselves what is fair for most people. Because people are the most precious commodity, at the end of the day. Sincerely,



Retail Investor

p.s. I recently dove headlong into a self study crash course beginning with reading the entirety of the 34-94313 proposal, and following any bunny trail question which it stemmed from. Please excuse typos, grammatical errors and possible misunderstandings. Supreme kudos to you lot who can do this every day for decades. I'll go back to raising my little people, now. But perhaps I'll masochistically come back and continue learning and commenting. Yes, I think I will. Power to Justice! <3

Cites: (some, not all)

1. https://www.finra.org/sites/default/files/Sanctions_Guidelines.pdf
2. Quote of Institution CEO speaking on high tech trading algorithms employed by his company: https://www.youtube.com/watch?v=5KOT0_l4Fvw
3. 2013 SEC Report highlighting activities that the staff has observed some of these firms look for that may indicate an attempt to circumvent certain requirements of Reg SHO: <https://www.sec.gov/about/offices/ocie/options-trading-risk-alert.pdf>
4. A crowd sourced fuller explanation of the above link: <https://i.redd.it/z7k7jiowsq871.png>
5. Key Points About Regulation SHO: https://www.sec.gov/investor/pubs/regsho.htm#_ftn6
6. Corporate bond borrowing as proxy for short interest: <https://ihsmarkit.com/research-analysis/corporate-bond-short-interest-factor.html>