

October 25, 2022

Comment letter for file number S7-08-22 (proposed SEC Rule 13f-2)

I have overcome many obstacles to obtain my education, and I am now a scientist who values data over bias. I finally have money to save and put away for retirement and the opportunity to invest in several markets. For each investment, I was forced to learn complicated rules of finance and technology. Recently, I decided I would like to diversify some of my income into the stock market. I have been horrified to learn that naked shorting, which is essentially counterfeiting money, is tolerated, and even hidden by current SEC rules.

This business model is only for the ultra-rich, able to run or contribute to hedge funds. I have learned so much about this market and conclude that it is so complicated that another Ph.D. would be required to understand what happens when you buy a stock and place it in a brokerage account.

I am truly saddened by the knowledge that the society that we could have had allowing innovative companies to move forward has instead been subjected to sabotage and market manipulation to drive prices of stock down to ruin those same innovative companies. All for the profit of already ultra-wealthy. I do not believe this happens with any specific ceiling of profit, simply more.

Currently, I have no faith in the traditional stock market, and I see blockchain technology arising to create a fair and transparent system, which is also saddening to me because this translates to many millions of Americans witnessing their stocks becoming worthless during their retirement. All for the greed of the ultra-wealthy, which is an insignificant portion of our society. These financial terrorists never seem to be punished, exposed, or held accountable in any way. I believe that if the SEC served the people instead of the financial markets, many of the problems that we face as a society would be non-existent. I think with a few simple changes the practice of naked shorting and dark pools would disappear and result in a robust market that everyone could profit from. I suggest rules that address the following

- (1) Notify shareholders when their shares are being lent.
- (2) Revenue sharing to the individual whose shares are lent by brokerages
- (3) Borrowers must purchase the stocks before lending for short positions
- (4) Borrowers must have a due date when the shares must be returned, or face fines in excess of the value of the shares at the due date. Otherwise, it will continue to be a profitable business model to naked short stocks and risk a small fine on billion dollar counterfeiting schemes
- (5) Tracking of all shares by simple serial numbers or barcodes associated with every share, and its current ownership (if borrowed).
- (6) Deadlines for the transition to this fair market, with external experts that are not associated with the financial markets (scientists and engineers) to be available to help with the transition

There is simply no excuse for the inability to track all stocks. Computational scientists have solved these issues long ago and these techniques are regularly used in next-gen combinatorial resolution experiments where cellular data is multiplexed. It can easily be implemented, and as this issue becomes more widely known, as is occurring now, all investors will begin to have doubts in the NYSE and move their assets into more transparent and fair markets, again to the great detriment of American citizens.

I do hope the SEC takes my consideration and those of other commenters very seriously by addressing the massive fraud before it is publicly realized by the masses. Swift action will only bolster our economy and allow America to regain our position as a beacon of free market and upward financial mobility.

Respectfully,

Dan  Liefwalker