

From: Gil Van Bokkelen
Sent: Wednesday, March 14, 2012 9:44 AM
To: CHAIRMANOFFICE
Subject: Creating Greater Transparency in Trading Practices

Dear Mrs. Schapiro,

As the Chairman and CEO of a public company (listed on NASDAQ), I take my responsibilities to my shareholders very seriously.

I read with great interest your recent comments regarding the need to establish a consolidated audit trail for all trading activity related to public securities. I wholeheartedly agree with this position. However, I believe that establishing a consolidated audit trail, while necessary, is not enough to create the kind of transparency we need to ensure a safe and fair trading environment.

As you know, over the past few years there has been a tremendous increase in trading activities in dark pools, as well as through the use of offshore accounts. Both of these enable institutions (or individuals) to engage in trades that are not subject to the direct review of NASDAQ. Furthermore, under the current system very little information related to trading activity may be accessed or monitored by management teams, boards or other individuals that have a direct responsibility to protect the interests of shareholders. In fact, dark pools exist to intentionally obscure the trading activity and practices of the individuals and institutions that use them. Unfortunately, this can give rise to manipulative trading practices which companies are essentially powerless to detect or defend against. As a result of the current system, executive officers and board have no ability to adequately monitor or help identify when or if there may be manipulative trading practices that are occurring. It is all too easy for institutions to manipulate the price of relatively illiquid, smaller cap companies through various trading strategies, and hide these activities as a result of the lack of transparency. This greatly erodes public confidence and trust in the markets.

Fortunately, however, I believe there is a simple and straightforward action that could help remedy this problem, that is an extension of the consolidated audit trail that you firmly support. The solution would be to allow certain individuals that have a fiduciary responsibility to shareholders, including executive officers, board members and other appropriately authorized individuals (e.g. auditors, legal counsel) the ability to audit ALL trading activity in the equity or other securities (e.g. options) of the company that they have a fiduciary responsibility to. Note that these individuals would not be allowed to publicly disclose any of the information, nor would they be able to utilize material information for their own trading purposes. However, it would help them detect and help defend against manipulative trading practices, and would serve to help ensure a safer and more efficient trading environment.

Most of the basic infrastructure for implementing this type of system already exists. For example, NASDAQ market surveillance can provide companies with data on a trade by trade basis (i.e. size and price of the trade, when the trade occurred, and some information regarding where the trade occurred). However, they generally cannot tell me which dark pools the trades have occurred in, or which institutions or individuals are engaging in the trading activity. Therefore, we have little ability to monitor for/detect manipulative trading activity or defend against it.

Please note that I am not opposed to dark pools per se. However, I am opposed to the lack of transparency that exists, and what it has led to – the perception that manipulative trading practices are widespread, and general mistrust of the markets. When investors don't trust the market, they invest less. This in turn has made it more difficult for companies to access the growth capital they need – which is the exact opposite of why these markets were created in the first place.

I would be happy to discuss these issues with you, and I hope that I can count on your support for this idea. It's a reform that is long overdue in my estimation.

Best regards,
GVB

This message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

Dr. Gil Van Bokkelen
Chairman & CEO - Athersys, Inc.
(NASDAQ: ATHX)
www.Athersys.com
3201 Carnegie Avenue
Cleveland, OH 44115-2653

Assistant: Matt Celesnik
Chairman – Alliance for Regenerative Medicine
Chairman, Board of Governors – National Center for Regenerative Medicine