

Dear Chair Gensler,

I would like to express my support for the above rule(s) (Prohibition Against Fraud, Manipulation, or Deception in Connection with Security-Based Swaps; Prohibition against Undue Influence over Chief Compliance Officers; Position Reporting of Large Security-Based Swap Positions).

Citadel LLC, for example, one of the largest market makers in the world has been fined over 50 times for the exact issues these proposed rules are hoping to mitigate. Fraud, deception, undue influence, and opaque reporting of derivatives swaps have no place in a free and fair market, and can only serve the interests of the already advantaged few. The SEC should be proactive in their efforts to ensure all fraud, coercion, and deception is punished using strict regulations and strong penalties for violators.

If adopted, these rules would improve market transparency, close a number of critical loopholes being exploited by certain investors, and reduce systemic risk. They would achieve this by: 1) reducing the number of days investors have to disclose a 5 percent stake in a public company from 10 days to 5 days; 2) requiring disclosure of derivative positions to ensure that they are not used to hide a stake in public company or a large position that could destabilize financial markets; and 3) clarifying the circumstances under which two or more investors have formed a “group,” with a combined ownership stake would need to be disclosed if it exceeds 5 percent.

In addition, by limiting the ability of market participants (primarily activist hedge funds with short-term investing strategies) to abuse outdated reporting requirements, these rules will also benefit workers and retirement savers/pension funds etc—while preserving the ability of shareholders to engage with corporate management regarding environmental, social, and governance (ESG) matters, if they so choose. For these reasons, we support the proposed rules and encourage you to finalize them as soon as possible for the greater good of our Nation.

Upon acquiring 5 percent of a public company's stock, the current SEC rules give investors 10 days to disclose their plans to the public in a Schedule 13D filing. During this 10-day period, investors are permitted to continue acquiring additional shares. Also during this period, investors may strategically share information about their impending Schedule 13D filing with allies, who are then able to acquire shares at a discount before other market participants learn about the filing.

Derivative instruments, most of which do not count against the 5 percent threshold, may also be used to boost an investor's economic exposure to the company's stock. The activist hedge fund business model is dependent on the return generated by the short-lived stock price increase that often accompanies a 13D filing. Supporters of hedge fund activism argue that the immediate price increase (before anything at the company has changed) is due to the reputation of the investor and its anticipated changes, making the activist entitled to the increase. This argument becomes muddled when considered against research that shows the stock price increase is temporary and in fact the company is often in a weaker economic position post-activist intervention.

The long disclosure period is an international anomaly, which in part explains why the aggressive short-term investment strategies of activist hedge funds that come at the expense of investments needed for long-term, equitable and sustainable growth are more successful in American financial markets more than they are abroad. In fact, the Commission itself acknowledges that this 10-day period is an outdated relic that was premised on paper filings back in 1968 when Section 13(d) was originally passed. The drafters of the Williams Act in fact emphasized the speed of disclosure was of utmost importance and that investors should be providing disclosures of their positions as soon as "reasonably practicable." It is only by taking advantage of outdated

regulations and loopholes (10-day reporting delay, exclusion of derivatives, and undisclosed coordination with other investors) that activist hedge funds are able to build stakes large enough to center their strategy around the short-term, temporary price spike of their targets without concern for longer-term value creation and growth.

There is much more ground I could cover, though I'm sure other proponents of this rule will reiterate and then some of what I've been saying.

In closing, I applaud the Commission for proposing rules that will improve market transparency and reduce systemic risk. Further, by ending the abuse of outdated disclosure requirements, these rules will benefit regular Americans (that have for too long not received proper representation in these markets) while preserving the ability of shareholders to meaningfully engage with corporate management. For these reasons, we support the proposed rules and encourage you to pass them. Thank you.

Regards,

Concerned U.S. citizen and investor