Ms. Vanessa A. Countryman
U.S. Securities and Exchange Commission
100 F. Street NE
Washington, DC 20549-1090

Ms. Countryman, March 11, 2022

Thank you for giving the general public the opportunity to comment to the U.S. Securities Exchange Commission on the proposed rule 10c-1 in relation to Securities Lending; File Number S7-18-21.

Below you will find my feedback concerning the Commission’s request for input to their questions in the proposed rule.

1. “Should persons required to provide information regarding securities lending transactions to an RNSA under proposed Rule 10c-1 be limited to only persons registered with the Commission, such as brokers-dealers, investment companies, investment advisers, and clearing agencies?”

Respectfully, I strongly disagree with the sentiment that information regarding securities lending transactions should be restricted to entities overseeing the financial sector and markets. Retail investors are becoming more involved in market participation and this involvement is going to become greater over time in both presence and participation. Institutions and brokers engaging in share lending can directly impact our investments in times of market volatility and systemic risk. It is my opinion that when an investor purchases shares, those shares are held by the broker on behalf of their client purchasing shares. Shareholders presently have zero knowledge of whether their shares have been purchased by the broker, whether they’ve been lent to third parties, whether they’ve been rehypothecated, and often times are unable to participate in proxy voting for a company they own. Does that sound like true ownership? In fact, retail investors have increasingly turned to registering their shares directly (DRS) via a transfer agent to prevent their shares from being lent out against their wishes as this is the only means of obtaining ownership in the true sense of the word. For those who are not given the option to remove their shares from their broker\DTCC’s possession, they very least that can be done for them is visibility and information related to their shares.

2. “What, if any, are the broader impacts of requiring that certain information be provided to an RNSA, for example to help borrowers and lenders evaluate rates and signals, such as whether a security is hard to borrow or heavily shorted? Would such a requirement bring more efficiency to the market? Please explain.”

If anything, such a requirement would encourage accountability. If a third party contacts a lender requesting to borrow 100,000 shares of X company to sell short, the lender might demonstrate more caution in fulfilling the request if they can clearly see the stock is heavily shorted. This will also help them negotiate and appropriate fee when compared against the metrics being reported. This will not only help mitigate unnecessary risk but will hold the lender accountable in the event the borrower’s trade goes wrong.
3. “Are there certain types or categories of Lenders that should be excluded from the requirements under proposed Rule 10c-1 to provide 10c-1 information to an RNSA?”

Very respectfully, aren’t exclusions part of the reason regulators are lacking appropriate visibility concerning overall risks? Reporting exclusions encourage bad actors to exploit loopholes leading to fraud, loss of capital, and risks to the vesting public.

I greatly appreciate the opportunity to comment on the proposed rule to 10c-1 and I look forward to the outcome.

Respectfully,

Sarah A.
Software Engineer and Retail Investor