

October 8th, 2022

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: Reporting of Securities Loans (File No. S7-18-21)

Dear Ms. Countryman:

I appreciate the opportunity to provide comments to the Securities and Exchange Commission (“the Commission”) on the proposal to require securities lending transactions to be publicly reported within 15 minutes of being effected. I am writing in strong support of rule 10c-1, “Reporting of Securities Loans”. Additionally, I urge that proposed rule 10c-1 passes as-is, with all of the required lending disclosure terms as itemized in the fact sheet at this link: <https://www.sec.gov/rules/proposed/2021/34-93613-fact-sheet.pdf>.

I am what the media had coined a “retail investor”. I have been an active market participant since 2015 when I bought and held my first shares of Apple(\$AAPL), and I value the ability to manage my own portfolio, invest in companies that I believe in, and plan for my retirement by MY terms, and not be subject to my pension, 401k, or IRA securities being lent out by my bank, insurance company or other custodian to other market participants for the purpose of short selling without my express written consent. I believe that quite a few of my investments over the last three years have suffered due to loopholes in opaque securities lending & reporting frameworks. As such, I have chosen to remove all of my securities from the DTCC and hold them in my own name with the security’s transfer agent, to ensure that custodial institutions such as brokers, banks and insurance companies are not able to lend my securities without my knowledge or consent, nor profit from the same without adequate compensation based on profits derived from such actions. Working families and everyday people such as myself have been victimized by financial predators for decades. Terms and conditions written in lengthy legalese result in reading a mostly incomprehensible inconvenient piece of literature to the average working family. The most obvious and well documented example of how financial predators operate can be seen in books and movies such as “The Big Short”, among others. I’m pleased to hear that the Commission has made it their priority over the next 4 years to “[protect] working families against fraud, manipulation, and misconduct... implement a robust regulatory framework that keeps pace with evolving markets, business models and technologies; and ... supporting a skilled workforce that is diverse, equitable, inclusive, and is fully equipped to advance agency objectives.” Bravo.

The Commission has stated the following in their Draft of FY22-26 Strategic Plan for Public comment, dated August 24th, 2022:

“the SEC intends to enhance the use of market and industry data to prevent, detect, and prosecute improper behavior. The SEC also seeks to modernize design, delivery, and content of disclosures to investors so they can access consistent, comparable, and material information while making investment decisions” - <https://www.sec.gov/news/press-release/2022-148>

For the SEC to make good on their regulatory obligations and their 4-year strategic plan for fiscal year 2022-2026, registered national securities associations (RNSAs) and the Financial Industry Regulatory Authority (FINRA) need to provide timely, transparent and accurate data from all market participants, in order for ALL investors to make informed investing decisions. Without transparent data, the SEC will fail

in its strategic plan to protect working families against fraud, manipulation, and misconduct especially from larger financial institutions, hedgefunds, and family offices who have the capacity and permission to engage in riskier, more complex forms of investment and securities lending. As such, I support transaction-by-transaction reporting because it prevents the ability to hide transactions within the total aggregate position reporting. Additionally, I support the 15-minute reporting requirement as this is the only way to prevent, detect, and prosecute improper behavior including but not limited to fraud & securities counterfeiting. Firms and institutions have received nothing more than a plethora of fines for improper record keeping and have been allowed to continue operating in the dark while making record profits. This demonstrates an inability and or unwillingness to keep accurate corporate records.

The cost and effort required for transaction-by-transaction reporting within 15 minutes of effect is especially justified when these entities consistently fail to accurately maintain documentation while their trade profit ranges exceed the tens-of-millions if not Billions of dollars in profit and revenue. Companies with that magnitude of revenue deserve no pity or consideration regarding the cost of doing business and the cost of reporting requirements, not when the average working family pays more in taxes than these same entities. Furthermore, such reporting requirements are redundant tasks easily capable of automation and programmatic reporting. In fact, as an owner of more than 5 retail brokerage accounts that each document all of my purchases and sales automatically, I find it suspicious that such large entities frequently fail to maintain accurate records of their own transactions. Full transparency and frequent reporting in securities lending transactions is the only way to prevent secret short selling. The data available to institutions, along with data hidden by them, creates an unfair market advantage where retail investor participants are always uninformed, underinformed and always incapable of determining whether they are on the wrong side of a trade due to lack of complete data.

Much like the disadvantaged and victimized retail investor, victimized companies need a greater ability to defend themselves against predators. "Short selling in the dark" harms otherwise healthy companies and by extension, their investors. It hinders true competition, and REAL price discovery. In a free and fair market, all trades hit the lit exchanges, and prices are affected by both buy and sell orders regardless of trade size. There should not exist an ability to purchase securities in a dark market and sell on a lit exchange to suppress and depress stock prices. Timely detection of fraudulent and abusive activity must come before Wall Street profiteering, and this can only be done with accurate and transparent transaction reporting.

Short sellers are not investors, they destroy investments. Borrowing securities to sell short, and then leveraging loopholes in reporting to illegally amass larger short positions is not investing, it's gambling. There exist legitimate reasons for hedging a long position, but then there exists predatory price manipulation and gambling. The SEC appears to protect hedge funds gambling profits over investor protection and market transparency. A 'short squeeze' is only possible due to the existence of short positions. Retail investors are made aware of and forced to accept the consequences of theoretical infinite losses due to leverage with PUT OPTIONS any time they apply for the ability to trade options contracts with their brokers. Are short sellers given an exemption to the consequences of short selling? It would appear so. Short sellers who engage in such activity are acutely aware of the risk they take on, for it is their profession, unlike the retail investor. A short seller facing the risk of a 'short squeeze' is not a reason for the Commission to decide against greater transparency. If short selling had greater transparency and accountability for greater consequences, there would be less incentive to take on risky short positions overall, not to mention taking on "secret short positions" via derivatives such as swaps with counterparty exposure. It stands to reason that short squeezes and dangerous volatility events become less common with greater transparency, accountability and more frequent (ie: transaction-by-transaction) reporting. Institutional investors would be properly policed and far more likely to avoid risky positions that could result in such dangerous volatility. This would benefit the market overall and decrease the risk of insolvency among the globally systemically important banks.

With this increased transparency, not only do we have a decrease in systemic risk and global contagion, retail investors have access to full and accurate data from which to research and decide if they are making a good investment for the right reasons. Retail investors would be thoroughly informed of the relative risk or safety of their investment. So long as funds and institutions are allowed to short companies in the dark, retail investors will remain unaware of the risks of their investment, and no amount of research can reveal data that has not been reported by market participants advocating for less transparency. Working families and individual families deserve the opportunity to create wealth within the duration of their own lifetimes, but they cannot protect themselves from abusive and predatory short selling practices that remain undocumented and unreported.

We now live in unprecedented times. There is a new phenomenon occurring in our capital markets, one which is quite favorable for the SEC, where the public is now serving as first-line watchdogs monitoring short selling data for securities fraud, reviewing monthly and quarterly filings using the EDGAR system, and FINRA; reading United States Commercial Codes, Bankruptcy Codes, and sharing their findings, data and analysis with their peers and government agencies alike at no additional cost to the SEC or the taxpaying public. Increased transparency with more timely reporting, especially on the transaction-by-transaction level, would enable individual investors to properly research their investments, analyze data, publicize it for free and socialize it widely for peer review, resulting in support or rejection by truly independent, third party impartial reviews. THIS helps busy, working families who don't have the time or full scope of knowledge to find and analyze this data by enabling them to read peer-reviewed research and diligence on companies before deciding to invest, and thereby investing wisely in companies that align with their beliefs and the causes that they support... all at no cost to themselves. Greater transparency will have the most positive effect on investor protection, and will go far beyond what seems obvious in the short term. In the age of misinformation, the Commission must acknowledge how social media promotes a protective ecosystem of information sharing that benefits working families and individual investors. The Commission must not act ignorant of how greater data transparency and availability empowers whistleblowers and the general public to assist the Commission in reaching their 4-year Strategic Plan for FY22-26, at no additional cost to the Commission.

Securities Lending Transparency directly correlates to heightened investor protection. As we learned from the events leading up to the 2008 Financial Crisis as well as the events of Jan 28th 2021, untracked lending chains are dangerous, and can become massively destructive as default obligations cascade from one entity to the next. Opaque securities lending ultimately leads to economic fragility and capitulates as a threat to our national security. There has never been a greater systemic risk to our global society than the repercussions associated with reckless securities lending, cascading default obligations and their impact on both the US dollar and foreign monetary policy.

Sincerely,

Steven Tripari
A Concerned Retail Investor