

October 12th, 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 Secretary Countryman

Thank you for proposing rule 10c-1, "Reporting of Securities Loans". I am in favor of its adoption, hoping that it will bring more transparency to market transactions and help prevent fraudulent practices linked to securities lending and abusive short selling.

As mentioned in file S7-18-21, these practices can lead to dangerous spikes in volatility (1), and may also be used to hide huge chains of obligations that would put the national and global economy at risk. They don't profit to investors such as companies, families, or individuals. Hedge funds are the only ones who gain from them, even if it means destroying other market participants.

Among the commenters, Citadel, the RMA Council, the AIMA, the Managed Funds Association raise the same concerns regarding the rule proposed by the Commission:

- collecting/reporting data on short selling is too expensive;
- if short selling becomes expensive, hedge funds would lose customers;
- hedge funds also fear to lose an advantage to the competition, since their strategies would become accessible.

These concerns are either wrong, or they simply oppose the benefits of rule 10c-1. Citadel Securities runs the world's biggest data center, yet they criticize the cost of transaction-by-transaction reporting. On the other hand, blockchain platforms trade millions of terahashes per second each day (2) to keep track of every transactions from all of their participants.

The fact that hundred of companies (3), large and small, help to create and maintain digital transparent markets is proof that the point raised by Citadel and other commenters is wrong. Given the current technological means, I think the requirement proposed in paragraph 10c-1(g)(1) is applicable.

These commenters also fear that customers would leave them to avoid the consequences of rising prices in securities lending, and that rule 10c-1 would put them at risk against competition by disclosing their shorting strategies. I agree with them. Firstly, shorting strategies do more harm than good by manipulating prices and destroying profitable companies (4).

Secondly, competition is essential in a free market. Not all participants are able to short stocks. Since this practice may lead to infinite loss, it can affect every market actors event if they aren't part of it. I believe every investor should be aware of that risk and that short sellers must be restrained in their fraudulent practices. That's why I agree with the Commission's assessment of the impacts of rule 10c-1 on efficiency and competition.

Transparency is key. One would have a better idea of the risks of purchasing securities if they can see who is lending them and to whom. I strongly believe the 15 minutes reporting requirement on lending transactions needs to be implemented – unlike aggregated reporting, contrary to the criticism of Citadel et al. It would also benefits to the SEC in fulfilling its mandate for free, by enabling the public to monitor short selling data and contribute to fraud detection.

Sincerely,

A committed investor

References:

- (1) <https://journals.sagepub.com/doi/abs/10.1177/0312896221996416>
- (2) <https://www.blockchain.com/charts/hash-rate>
- (3) <https://www.blockdata.tech/markets/use-cases/nft>
- (4) <https://www.forbes.com/sites/jonathanponciano/2021/02/10/meme-stock-saga-officially-over-gamestop-short-interest-plunged-70-amid-20-billion-loss/?sh=2bbd938bb213>