Rule SR-OCC-2024-001

Dear Sirs and Madams,

First and foremost, Commission, thank you for your time and the chance you've provided the public to comment on the proposal(s).

Upon reading the proposal, one wonders why, according to page 14 of 263 of the proposed rule, the "OCC also conducted instrument-level backtesting over a two-year time horizon on securities for which idiosyncratic control settings were implemented" rather than having done so for three years where they could have actually captured a security that was truly being called an "idiosyncratic risk" (e.g. GameStop)? I think it's because the OCC, quoting the SEC from Febuary 16th, 2023, "failed to comply with its SEC-approved Stress Testing and Clearing Fund Methodology rule during certain times between October 2019 and May 2021."[1]

That sawed-off chunk of timeline is very important, Commission. That's a documented point of failure, so it ought to be the bare minimum getting remedied here, yet you, as far as I'm allowed to see, haven't a clue whether or not that idiosyncratic risk could be handled without throwing everybody who isn't on Wall Street under the metophorical bus by applying this proposal. After a bridge collapses, having gatekeepers at the new bridge built to the same blueprint to weigh each crosser isn't how you do risk management; you take the known forces that act against the bridge at their maximum (and then add a multiplier for extra safety measure) then design a bridge to overcome those forces. There is no reason to deny ourselves to the dimension of engineering here; in fact, doing so allows all these co-located "competitors" to fill the gap with engineered solutions that detract from the ultimate goal of a stock market, its purpose in the country, and thus its reason to exist, which all citizens are just supposed to trust. For a quick example of the detraction taking place, I shouldn't have to make this comment. This proposal has nothing to do with citizens of the United States, and those whom the US hope to work with as they put their foreign money into the US stock market, investing in a better future. There's a reason you don't have to waste time personally checking every structure you walk on or vehicle you enter throughout the entire modern world, and that is because other people cared and didn't selectively deprive themselves of known problem-solving techniques when creating the foundations of their fields.

If the public is to believe there's any care to oversight of a self-regulating organization being saught here, the OCC should be required to capture the significant underlying data contained in the FINRA Docket/Case Number(s) 2021069249701 to 2021069249710 ("Docket(s)"), thus inherently URE-145-01 as it's right on the heels of the previous, with the data that fully captures the rise, climax and fall of the GameStop idiosyncratic risk, along with all the data connecting the said GameStop idiosyncratic risk event and the said data already mentioned in the backtesting mentioned in the first paragraph.

A lot of ordinary folk around the world decided to put faith and money in the US stock market in the form of options at the exact time the very actions covered in the Docket(s) were occurring, and many were unjustly burned for doing so (the corrective action taken in the Docket(s) on January 28th, 2021 was from an illegal position, proved by the allegation itself, whether it was Susquehanna that had done it or not, but it should be extra concerning if it wasn't them since it means you have an actor using a Delta Hedge Exemption whilst spoofing their ID on all options exchanges in a fully undetectable fashion). This is why the public's participation in the market, and the market's reaction to their increased participation, along with the public companies that are being traded, ought to be considered to establish a true picture of the conditions in which the OCC operates and designs its solutions. Just the underlying shares of the contracts referenced in the Docket(s) was worth $8,626,766,400 when the correction happened (178,608 x 100 x $483 which was the price of $GME) on the 28th.[2] The underlying shares (178,608 x 100) were 25% of the total *outstanding shares* of GameStop, or 38% of the publicly traded float, at the time.

I wholeheartedly believe my suggestion would lead to more insightful parameters, or how they'll actually be used, for the OCC and the Commission to review, but that's currently very hard to judge with so much redaction. However, I know my reasoning for why I say this is righteous, so I ask with all my household investor heart to please consider this issue. If positions that are in violation of their position-limit for a symbol, due to them being approved for a Delta Hedge Exemption, are being allowed to make corrective moves from an illegal position which, under the circumstances, causes the symbol to lose 89.6% of it's current value ($483 to $50 per share, or $33.7b to $3.5b), without anyone stepping in to prevent this (the Commission is authorized to suspend a stock from trading for 10 days in tandum with the DTC's ability to put a freeze on a specific symbol; and how if someone causes the price to go from $50 to $483 in a matter which can be labelled a short squeeze by the media, incorrectly, again they will not only be sought after by the government outside of the typical kangaroo court which Wall Street firms are currently afforded, they along with the company whose symbol was being traded will be sued by those very firms which lost money since they can see who’s on the other side of the trade).

The majority of the OCC’s Participant Options Exchanges[3] got paid out in fines for facilitating the actions in the Docket(s), the market-making firms made bank on all the PFOF who then shared this wealth through fee contracts with the exact same exchanges all whilst completely blowing past the amount of outstanding shares that exist to make the market with, while the investment firms were making illegal moves and crashing the stock, while introductory brokers turned off their buy buttons (Robinhood did so after discussing how to induce their users, in an undetectable fashion, into selling their GameStop position on Jan 26th 2021 per Figure 13 in the HFSC report[4]) while receiving a part of the wealth through their fee contracts with market-makers, and on top of all that the central-clearing house could have prevented it all by simply not waiving all ECP charges and making those who actually made a bad bet pay out (aka the entire population of individual investors on the long side of the GameStop trade). Now we are supposed to believe this central-clearing house is acting in good faith with their slush fund by avoiding the elephant in the room and having most of their proposal redacted?

Individual investors received updates of their being thrown under the bus whilst doing actual work to provide the desired goods and services the people of the country desire. The entire US finance sector, including the regulators and media, clamped up and didn’t even mention the worst offenders (Susquehanna, based on the Docket(s) $8.6b illegal position and Instinet based on the fact they incurred, per the HFSC report Table 1 and the bar graph on the page previous to Table 1, 87.56% of NSCC's total Excess Capital Premium (ECP) charges Jan 1 2019-Feb 12 2021 ($66.98b / $76.5b) and on January 28th 2021 they incurred an absolute minimum of $3.14b which was greater than Robinhoods ECP charge that day[5]). In fact, Susquehanna’s $8.6b illegal position was just $1.1b under the $9.7b in ECP charges waived by the NSCC January 28th, 2021. That’s $18.5b of bogus purchasing power that helped to ruin individual investors while Steve Cohen, a person convicted of insider trading, tweeted “Trading is a tough game . Don't you think?”.[6] You should stand up for people by taking your thing seriously.

The Commission has very good reason to take this seriously. Here are two: 1) repeated pattern of behavoir since 1982 (see the very first violation picked up here by Jeff Yass, who was at the helm of Susquehanna on January 28th, 2021[7]) which I guess just went unnoticed for the 40 years that’d passed by the time the HFSC report came out in 2022, suggesting this will not be stopping any time soon (and actually will increase if for no other reason than this comment pointing out what’s taken place) so long as it’s allowed and goes completely undiscussed, and 2) Susquehanna literally sent out payments for their previous alleged position-limit violations by some of the exact same exchanges on January 28th, 2021 (e.g. see Michael Doherty’s, from Susquehanna, letters to MIAX over FINRA Matter No. 20190629791). That last letter caused zero ears to prick up at the SEC during its investigations into the GameStop event? Why is that? Did the OCC not inform you of this? Are they even aware as to the illegal nature that’d taken place in the Docket(s)?

The Commission has been sticking its head so far into the ground for so long that it has been noticed by people completely disconnected from the financial industry and is being talked about loudly. For instance, one very popular comedian, Theo Von, has labeled the on-going state of behavior in the United States’ economy as “Privatized Communism” (Tucker Carlson agreed with him in a recent conversation with this comedian) and I really can’t think of better words for the United States’ financial sector and all you have to do is re-read the previous three paragraphs to see where that behavior trickles down from.

Thank you for your time and consideration. Please help save the country already.

-----

1. https://www.sec.gov/news/press-release/2023-31
2. https://www.miaxglobal.com/sites/default/files/circular-files/MIAX_Pearl_Options_DA_2021069249708.pdf (pg. 3)
3. https://www.theocc.com/clearance-and-settlement/participant-exchanges

4. https://democrats-financialservices.house.gov/uploadedfiles/6.22_hfsc_gs.report_hmsmeetbp.irm.nlrf.pdf (pg. 29)
5. https://democrats-financialservices.house.gov/uploadedfiles/6.22_hfsc_gs.report_hmsmeetbp.irm.nlrf.pdf (pg. 105 & 106)
6. https://web.archive.org/web/20210128185009/https://twitter.com/StevenACohen2/status/1354864321134735360
7. https://brokercheck.finra.org/individual/summary/1802451