BEFORE THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

PETITION FOR RULEMAKING UNDER RULE 192

Post-Halt Public Accountability for Extraordinary-Duration Regulatory Trading Halts

Submitted by Skyler Clair Vadner, Series 57 Proprietary Trader
Madison, Wisconsin, United States
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I. Request

Pursuant to SEC Rule of Practice 192, I respectfully request that the Commission require national securities exchanges to publish a final public explanation after any exchange-imposed regulatory trading halt that lasts more than ten consecutive trading days.

II. Proposed Rule

Proposed requirement. If an exchange-imposed regulatory trading halt continues for more than ten consecutive trading days, the exchange must, within five business days after trading resumes, the security is delisted, or the halt otherwise ends, publish a written final summary stating:

- the basis for imposing the halt;
- the general nature of the information or clarification requested;
- why continuation of the halt beyond ten trading days remained necessary; and
- what changed, was resolved, or was established that permitted trading to resume or the halt to terminate.

Confidentiality. Information prohibited from disclosure by law, or whose disclosure would reasonably compromise an active regulatory, civil, or criminal investigation, may be withheld. Confidentiality should not eliminate the obligation to provide a meaningful non-confidential summary to the extent reasonably possible.

No maximum halt duration. This proposal would not require an exchange to resume trading after ten days and would not otherwise restrict legitimate regulatory authority. It creates only a post-halt accountability obligation once a halt becomes extraordinary in duration.

III. Why the Rule Is Needed

A prolonged trading halt is not merely an inconvenience. It removes a market participant's ability to control an existing financial position. Long holders cannot liquidate or redeploy capital. Short sellers may remain responsible for securities-borrow charges while being unable to purchase shares in the public market to close the position.

The short-borrow problem can be extreme. Hard-to-borrow securities involved in extraordinary volatility can carry annualized borrow rates approaching 999%. For illustration, if a 999% annualized rate remained constant for 53 calendar days, a simple 360-day calculation produces borrow expense of approximately 147% of the short position's market value. Actual charges depend on the broker, daily mark, rate changes, recalls, and billing methodology. The point is not that every halted short incurs this amount; it is that the exchange can remove the trader's ordinary ability to stop a potentially enormous continuing expense by closing the position.

The economic burden therefore can continue while the market participant has no practical market remedy. When an exchange uses regulatory authority in a manner capable of immobilizing capital and allowing substantial position-related obligations to continue for weeks, a final explanation is a modest and proportionate accountability requirement.

These events are not theoretical to active market participants. In my experience as a professional proprietary trader, extraordinary-duration T12 halts recur. The Commission and the exchanges possess the complete historical halt records and can readily evaluate their frequency. This petition does not depend on any particular frequency: one 53-day halt with no meaningful final public account is sufficient to demonstrate the transparency gap.

IV. INHD: A Current Example

Nasdaq halted trading in Inno Holdings Inc. (Nasdaq: INHD) at 17:18:58 on June 8, 2026. Nasdaq's June 11 public notice stated that the halt was for “additional information requested from the company” and that trading would remain halted until the company fully satisfied Nasdaq's request.[1]

INHD's June 12 Form 8-K stated that the board formed an independent special committee to review the unusual trading activity and the circumstances giving rise to it. The company also stated that, as of that filing, it was not aware of any material, undisclosed corporate developments that would account for the unusual trading activity.[2]

Trading ultimately resumed on July 31, 2026, 53 calendar days after the June 8 halt. Yet the public record available to ordinary market participants did not provide a substantive final account explaining what specific concern required the extraordinary duration, why the halt needed to continue for weeks, or what ultimately satisfied Nasdaq sufficiently to permit trading to resume.

This petition does not allege that the INHD halt was unlawful or unjustified. The problem is that market participants cannot meaningfully evaluate whether it was justified because the final explanation is absent. If Nasdaq had compelling reasons for maintaining the halt for 53 days, the proposed rule would simply require a non-confidential summary of those reasons after the matter concluded.

V. Why Ten Trading Days Is a Reasonable Threshold

Ten consecutive trading days is approximately two full market weeks. Crossing that threshold would trigger no automatic resumption and no presumption of wrongdoing. It would only mean that, after the halt ends, the exchange must explain an intervention that has become extraordinary in duration. A higher threshold would leave many multi-week halts outside the accountability requirement; a materially shorter threshold could capture more routine regulatory events.

VI. Minimal Burden, Meaningful Accountability

The compliance burden should be small. An exchange maintaining a regulatory halt necessarily has an internal basis for imposing it, information it is seeking, reasons for continuing it, and a basis for ending it. The proposal asks the exchange to summarize that record after an unusually prolonged halt while preserving legitimate confidentiality.

The requirement would also create a useful institutional discipline. If an exchange knows that it must ultimately explain why a multi-week halt remained necessary, there is a natural incentive to distinguish genuine investigative necessity from avoidable administrative delay and to resolve extraordinary halts as efficiently as investor protection permits.

VII. Petitioner's Interest

I am a Series 57 proprietary trader and an active participant in U.S. equity markets. My professional activity gives me direct exposure to the practical consequences of exchange trading halts, including immobilized capital, inability to manage open positions, and continuing securities-borrow obligations. I submit this petition in my individual capacity and not on behalf of any broker-dealer, proprietary trading firm, issuer, or other organization.

VIII. Conclusion

Exchanges need authority to halt trading when necessary to protect investors and market integrity. But when that authority prevents all public trading in a security for more than ten consecutive trading days, the public should receive a meaningful explanation after the intervention ends. The requested rule preserves regulatory discretion while adding a narrow, low-cost accountability safeguard.

I respectfully request that the Commission initiate rulemaking requiring national securities exchanges to publish a final public summary following exchange-imposed regulatory trading halts exceeding ten consecutive trading days.

Respectfully submitted,

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Series 57 Proprietary Trader

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August 3, 2026

Authorities and Sources

1. Nasdaq, “Nasdaq Halts Inno Holdings Inc.” (June 11, 2026). Nasdaq stated that INHD was halted at 17:18:58 on June 8, 2026 for additional information requested from the company and would remain halted until the request was fully satisfied. https://www.nasdaq.com/press-release/nasdaq-halts-inno-holdings-inc-2026-06-11
2. Inno Holdings Inc., Form 8-K (filed June 12, 2026), Item 8.01. The company disclosed the T12 halt, creation of an independent special committee, and that it was not aware of material undisclosed corporate developments accounting for the unusual trading activity. https://www.sec.gov/Archives/edgar/data/1961847/000149315226028411/form8-k.htm
3. Nasdaq Equity 4, Rule 4120. Rule 4120 governs trading halts and provides, for specified Nasdaq-listed halts including Rule 4120(a)(5), a five-minute Initial Display Only Period before the security is released for trading. https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Equity%204
4. SEC, “Petitions for Rulemaking Submitted to the SEC.” The SEC states that any person may request issuance, amendment, or repeal of a rule of general application; a petition must contain the text or substance of the proposed rule and a statement of the petitioner's interest and/or reasons for requesting Commission action. https://www.sec.gov/rules-regulations/petitions-rulemaking-submitted-to-sec