We write to address one very specific but important question in the request found at p.39:

Could there be a point at which the amount of ETP securities outstanding relative to the amount of underlying or reference assets outstanding results in an imbalance that inhibits the redemption process during periods of market stress.

In other words how can you redeem when you do not have or cannot borrow the means to comply with the request.?On June 8th it was reported that trading in 40% of all Chinese stocks were halted and the NYSE was down for over 3.5 hours.It was later reported that only 3.2 %of Chinese stocks were freely tradable.

http://www.marketwatch.com/story/china-companies-rush-to-suspend-their-shares-40-all-stocks-now-in-halt-2015-07-08

We believe that the NYSE Reg SHO threshold list consistently showcases this exact issue as it routinely has 75-100 ETP'S listed.

https://www.nyse.com/regulation/threshold-securities

This includes only those ETF's clearing through NSCC while it is estimated that at least 40% of the trading is internalized or ex-cleared.This request for comments does not reference Reg. SHO or naked short selling but those are the most likely explanations for such a potential imbalance.If they are then a question arises as to why these short positions are not being closed out as they have the potential to significantly impact the market *during periods of market stress.*This will be particularly true in the high frequency trading arena during market stress and especially destabilizing if it comes from foreign countries.Recent SEC cases have shown the importance of supervising such overseas trading accounts. Finally there is a separate but related concern over fixed income etf's as evidenced by two recent articles in the Wall Street Journal. Carl Icahn fears that because the etf's have snapped up so many assets,even as Wall Street firms move to trade fewer bonds such etf's will be much harder to trade in the next downturn leading to big losses for investors.The Journal also noted as follows:

"Last month, Bill Gross, who helped found bond giant Pacific Investment Management Co. and now runs a fund for Janus Capital Group Inc., sent a note to investors bemoaning the lack of liquidity and how "mutual funds, ETFs, and even index funds" might be hit in a downturn.The obvious risk-perhaps better labeled the 'liquidity illusion'-is that all investors cannot fit through a narrow exit at the same time," Mr. Gross wrote. One leading high-yield ETF, BlackRock Inc. 's iShares iBoxx High Yield Corporate Bond ETF, traded more than 20,000 times on average each day, according to the firm. But each of its top 10 bonds only traded 13 times a day on average.High-yield ETFs had their biggest inflows on record in the week ended Wednesday, taking in $1.5 billion, according to fund tracker Lipper.The iShares fund, which trades under ticker "HYG," saw $1 billion of that cash.**The reality is that the ETFs are really only as liquid as their underlying assets," said Deborah Fuhr, founder of London-based exchange-traded product consultancy ETFGI LLP."**See Wall Street Journal July 16 and July 17,2015 at p.C1.

The Commission therefore needs to either require liquidity warnings or better enforce Reg SHO in this area for both equity and fixed income etf's. A complete review of Reg.SHO's effectiveness on liquidity after 10 years is also called for.

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