

Dear Secretary Countryman,

I am writing in **strong** support of rule 10c-1, “Reporting of Securities Loans”.

Rule 10c-1, “Securities Lending Transparency” proposed transaction-by-transaction reporting of all securities lending activity, every 15 minutes.

I believe that transparency like this within in the stock market is deserved to all valued investors and would invite confidence within your markets, which I’m hoping is something of a shared goal. The cost and effort are justified to prevent fraud and prevent hiding in loopholes.

The new rule would also provide any victimised companies a greater ability to defend themselves against predatory short selling, short selling in the dark harms true competition and price discovery. The enactment of this rule would also introduce the ability for the general public as well as public companies to serve as watchdogs for the SEC against abusive practices, by being able to monitor short selling for securities fraud for those securities they are invested in, helping and strengthening the SEC's ability to fulfil its mandate and to weed out market participants that are working against SEC rules.

This information would also allow “Retail investors” a much better idea of the risks of our decisions and transactions if we can see who is targeted by which companies. More timely reporting allows for more timely reactions; slower reporting prevents retail investors and working families from protecting themselves from abusive and predatory short selling practices. No one wants working families to get run over in the name of “superior returns for hedge funds.

This timely, higher-resolution reporting would create a snowball effect whereby some individual investors can view the data and make that analysis publicly available for free, which is then disseminated widely and re-analyzed, spurring more activity. This allows individual investors to help each other and allows busy working families to be the recipient of aid for free. Working families and retail investors do not have the resources to buy data and analysis, nor do they have the time to analyze lots of data themselves. Greater transparency has positive effects on investor protection that go far beyond the obvious. The Commission must not remain ignorant of how social media facilitates a protective web of information sharing that protects investors. The Commission must not behave as though they are ignorant of how greater data provision empowers whistleblowers, who extend the Commission’s reach and greater empower it to meet its strategic goals.

Securities lending activity can hide large destructive chains of obligation that can even be a threat to national security, and so transparency in this area is more important than it has ever been. The risks associated with reckless securities lending and short selling is highlight by events of Jan 28 2021. The benefits of secret short selling for “superior returns should not come before retail investors.

When short selling practices occur in the dark and 'current' short sale information is provided long after a position has been entered into, retail investors and the like cannot be aware of the risks that they take on when buying securities. You can understand why this lack of information would represent a problem for all investors, who are expected to invest on incomplete and dated short sale information. Thus I support the intraday 15 minute reporting

requirement. The cost and effort involved with this is justified to help in early identification of abusive shorting practices, to reduce the ability of toxic market participants to hide behind loopholes and to attempt to prevent such fraud occurring in the capital markets.

To quote the SEC

- *“the Commission, in proposed rule 13f-2, explicitly noted its awareness of the myriad ways in which short selling can be used to abuse individual investors and working families. In proposed rule 13f-2, the Commission said it is “...mindful of concerns that certain short selling activity can be carried out pursuant to potentially abusive or manipulative schemes. For instance, market manipulators may seek to spread false information about an issuer whose stock they sold short in order to profit from a resulting decline in the stock’s price. The Commission has previously noted various other forms of manipulation that can be advanced by short sellers to illegally manipulate stock prices, such as ‘bear raids.’”*

To deny us that such transparency by rejecting rule 10c-1, “Reporting of Securities Loans” would suggest to me, an investor, a hidden agenda or ill-intention to keep truth hidden, of which would then present the question as to why.

Reading the factsheet posted to the SEC website, let me clarify an error. It states that securities loans are “transactions that are vital to fair, orderly, and efficient markets.” This is NOT true. Securities lending enables the multiplication of shares in circulation. When brokers lend the shares being held for retail investors, for example, it is equivalent to replacing the bought and paid for shares with an IOU. Securities lending ignores the investor’s right to vote in matters of corporate governance and to receive tax-qualified dividends. Further, a fail-to-deliver (FTD) that is “closed” with a borrowed share is not really closed – it leaves open that IOU with the lender. Therefore, securities lending harms market efficiency by inflating the number of shares in circulation, which hampers true price discovery by artificially increasing supply.

I am writing to you in **strong** support of rule 10c-1, “Reporting of Securities Loans” in the hope that the SEC will do all that they can to ensure that investors within these US markets remain fully informed, assured and confident with their investments as held within the NYSE.

I am a strong supporter of transaction by transaction reporting. It is clear that aggregated reporting is not transparent and fraud can be hidden in aggregates. Why should one individual or entity have to suffer a worse execution whilst another individual or entity benefits from a better execution, just because it is more convenient for certain institutions to report their short selling practices in the aggregate? It is wholly unfair and contrary to the requirement of best execution and so it should be a mandated requirement for transaction by transaction reporting.

Sincerely,  
A Concerned Investor