I am an individual investor that participates in the US capital markets and I write today to comment on the SEC's proposed rule S7-18-21 for Reporting of Securities Loans.

I make note that several large institutions have submitted comments on this rule suggesting it is withdrawn or amended to a more watered-down version. I can not think of a good reason as to why these companies would ask for less transparency except to hide wrongdoing or to maintain an advantage that they currently hold over individual investors. Either way, I see this as wanting to maintain an uneven playing field that heavily benefits one side over the other.

The proposed rule in its current form would highly benefit retail investors, pension funds and the like from the increased transparency. The rule would provide a better idea of the risks involved with the investment we're making, before it is made. This rule can only help those that are currently disadvantaged by an archaic system devised by a select few.

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. I support the intraday 15-minute reporting requirement. The cost and effort involved with this proposed change will be minimal in an industry that is already heavily automated. The cost benefit of this rule is enhanced when acknowledging this will help in early identification of abusive shorting practices, will reduce the ability of toxic market participants to hide behind loopholes, and will attempt to prevent such fraud occurring in the capital markets.

The new rule would also provide any victimized companies a greater ability to defend themselves against predatory short selling. Current 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. As an initial line of defense against abusive practices, retail investors are able to more granularly monitor short selling for securities fraud for those securities they are invested in. This increased visibility can only help and strengthen the SEC's ability to fulfil its mandate and to help weed out market participants that are working against SEC rules, all at no additional cost to the SEC.

I am a strong supporter of transaction-by-transaction reporting. It is clear that aggregated reporting is not transparent and provides far too much confusion where fraud can be hidden in aggregates. When one individual or entity has to suffer a worse execution whilst another individual or entity benefits from a better execution, it is wholly unfair and contrary to the requirement of best execution. So, it should be a mandated requirement for transaction-by-transaction reporting.

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.'" The proposed rule in its current state would help investors defend against issues already identified by the Commission above.

In conclusion, I support the Short Sale Reporting rule in its current format and recommend that this should be enacted in its current format to help all manner of investors better understand the risks involved with the investments they are making. We should be constantly striving for a better market for current and future investors, and this is a step in the right direction.

Thank you,
Derek Weiss