October 8th, 2022

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: Reporting of Securities Loans (File No. S7-18-21)

Dear Secretary Countryman:

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

We MUST have a 15-minute reporting requirement. MUST! The cost and effort are more than justified to stop fraud, and prevent criminals from hiding their dirty deeds behind loopholes.

It is also imperative that transaction-by-transaction reporting becomes the rule because it eliminates the possibility of hiding within the aggregate. Transparency means transparency; aggregates are not transparent. Secret short selling can prevent actual investment when hedge funds steal profits from those investing in earnest, because why put money into a market that can’t be trusted to follow the rules?

Working families, and everyday people get victimized by financial predators. The SEC’s new FY22-26 Strategic Plan puts working families front and center, which is great. We need to hold them to it.

Retail investors need increased transparency to level the playing field. We’ll have a much better idea of the risks of our decisions if we can see who is targeting which companies. When funds are allowed to short in the dark, retail investors remain dangerously unaware of the hazards of buying securities. Timely reporting allows for timely reactions. Slow reporting prevents retail investors and working families from protecting themselves from abusive and predatory short selling practices. Working families and individual investors must be able to look both ways before they cross Wall Street. No one wants working families to get run over in the name of superior returns for hedge funds.

Victimized companies also need a greater ability to defend themselves against predators. Short selling “in the dark” harms true competition and price discovery. The idea that a small number of short selling funds “know best”, and can attack unsuspecting companies in the dark is appalling. Secret short selling hurts individual investors in the name of greater profits for hedge funds. Is this what the public would want from its government? Timely detection of fraud and abuse must always be a priority over Wall Street profiteering.

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’”.

Short sellers are not investors, in fact, they’re the opposite: they’re profiteers. The SEC prioritizes hedge fund comfort over investor protection and market transparency, and this must stop. While short sellers might fear short squeezes that can follow the identification of their short-selling strategy, that’s no reason for the Commission to opt against greater transparency. If short selling is curbed, then squeezes, and dangerous volatility, would become less common. Sophisticated investors will quickly learn to avoid positions that could result in such dangerous volatility, which will clearly benefit the market overall.

Sincerely,

A Concerned Investor