

For the purpose of convenience, each comment contained herein shall be headed by the corresponding heading/ section in the document which it references; release 34-93784.

Section II B

To begin, I would like to note the breadth of scope defined for re-proposed rule 9j-1. Having read the contents of the scope, it does make me slightly concerned that there may be complaints from other parties, related to the language possibly being open to quite liberal interpretation, most notably the language on page twenty-eight, concluding with “*fraud or deceit upon any person*”. However, conversely, I am of the opinion that the language included provides sufficient scope in terms of defining the extent to which actions can be considered fraud, manipulation and/or deception. In relation to prohibiting such conduct, I believe having such potentially far-reaching language is necessary in achieving the aim of the re-proposed rule, as such, at this particular moment in time, despite concerns voiced earlier, I am in support of the language as it appears in the re-proposed rule that has been published and its relevance to prohibiting fraud, manipulation and deception.

Section II E

Along similar lines to the previous comment, I do agree with the inclusion of re-proposed Rule 9j-1(b), however it must also be stated that given that the proposed rule intends to make specific conduct unlawful, it is imperative that it be matched with appropriate enforcement action/ penalties if a party is found to have contravened the law; actions or penalties that serve as a deterrent (even if this requires enforcement by another agency), rather than a seemingly insignificant financial penalty being the full extent; which can be easily paid, thus allowing any parties breaking or considering breaking the law unlikely to believe that there are any material consequences for law-breaking activity. Ultimately, outlawing conduct or specific activity is worthless if there are no material penalties for having done so.

Section III A

Note that on page 69, there is a typing error and appears to be a need for an extra word to be added into the last sentence. Currently the sentence reads;

“which would need to be added to any other security-based swaps based on the same security in calculating the entire Security-Based Swap Position with respect such security”

If I am not mistaken, this sentence should be amended to;

“which would need to be added to any other security-based swaps based on the same security in calculating the entire Security-Based Swap Position with respect to such security”

Section III A 2.

At this point, I would like to signal my support for the language that begins on page seventy-seven, which apparently aims to reduced the number of possible loopholes that may arise, in terms of market participants that wish to find creative methods to evade having to report large SBS positions. Especially of note being the language concerning underlying securities upon which the SBS is based. Including such language would be beneficial to both the SEC and potentially the integrity of the market as a whole if high-risk SBS positions are being amassed in order to avoid the reporting that would otherwise apply, were a position of equivalent size in the underlying security amassed. This stated, I agree with the SEC's belief that the proposed reporting requirements bring forth benefits to the market as a whole, in making the process of identifying potentially toxic market activity related to security-based swaps, especially positions with potential to do significant damage.

Also of note is the additional test outlined starting from page seventy-nine. While not posing as much a threat to the wider market as a whole (in terms of position size and associated risk), this second test would almost certainly be of much benefit to issuers and the exchange and of course in my belief is a suitable method for eliminating the loophole that would be present, should there only be one test, which would be unlikely to affect smaller market capitalisation securities This stated, I duly signal my support for the percentage threshold as a second test for determining reporting requirements.

Section III B

I duly note the list of information areas to be included in the Schedule 10B. At this particular moment in time, this list in my view is consistent with the overarching aim of rule 10B-1 in identifying potential fraudulent, manipulative activity as well as activity involving excessive risk, in addition to the benefits related to safeguarding/ maintaining market integrity outlined in comment for *Section III A 2*.

Section III C

Cross-border issues and ability to evade reporting requirements through convoluted offshore mechanisms or arrangements appear to sufficiently addressed with the language/ provisions included in 10B-1(d). Such provisions upon reading, appear fully coherent with the aim of the proposed rule and aid in reducing the ability to evade reporting requirements, especially significant in the process of indicating fraudulent or manipulative schemes that attempt to evade reporting requirements through international arrangements. Furthermore, 10B-1(a)(1) is a good addition, for closing off the potential loophole that may arise from a particular entity contracting, enlisting or through any other convoluted arrangement, another entity to conduct operations on their behalf in order to evade reporting requirements. These provisions complement the range of information required to be reported (as mentioned earlier in this comment document) in my opinion and seemingly naturally align with the aim of rule proposed rule 10B-1.

Section IV (General Request for Comment)

So far as I can tell, both re-proposed rule 9J1 and proposed rule 10B make suitable efforts to increase the integrity of market in terms of reducing the levels of fraud, manipulation and lack of transparency, which I appreciate. In terms of the formatting, content and reasoning of the re-proposed and proposed rule, I am satisfied with how they are presented, with clear aims, clear descriptions as to how these aims will be achieved and what the various implications are for using such methods to achieve them.

As has been outlined earlier in this comment document however, I would like to re-iterate the importance of enforcement and suitable punishments for breaking laws, as I firmly believe that effectively demonstrating (either directly, or by deferring such enforcement activity to an entity appropriately qualified to do so) that law breaking has tangible consequences is as important as (arguably more important than) proposing new or re-proposing rules to safeguard against fraudulent, manipulative or otherwise toxic market activity.

The second of these general comment points, by my understanding, is not something that would be referenced or included in the text of the re-proposed and proposed rule, so on this basis, I signal my support for both 9J1 and 10B to be approved expeditiously, (once the typing error is amended, of course).