July 22nd, 2023

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File Number S7-32-10 - Position Reporting of Large Security-Based Swap Positions; Prohibition Against Fraud, Manipulation, or Deception in Connection with Security-Based Swaps; Prohibition against Undue Influence over Chief Compliance Officers

Dear SEC / Other market participants,

Thank you for considering public opinion.

I would like to clearly state that I wholeheartedly support the rule proposal *'Position Reporting of Large Security-Based Swap Positions; Prohibition Against Fraud, Manipulation, or Deception in Connection with Security-Based Swaps; Prohibition against Undue Influence over Chief Compliance Officers'* (S7-32-10) and hope that my comments can provide evidence that the general investing public are extremely supportive of further regulatory action by the SEC.

As noted by the SEC this rule was originally proposed in 2010 on the background of the then recent 2008 Global Financial Crisis (GFC), directly influenced by a poorly regulated Securities swaps market. Now 13 YEARS later the proposed rule has reached the final rulemaking stage. This rule has had more than sufficient time for public comment/scrutiny and needs to be implemented NOW! I hope the SEC will not further delay this crucial rule & will heavily consider the value of reopening comments after prolonged periods of time rather than implementing an imperfect rule & adjusting as required. Inaction has consequences as much as poorly actioned rules and the further these rules are delayed, the greater the very risks the SEC are trying to prevent grow within the system. History has shown consistently that asking the industry to self-regulate against their own interests has led to disastrous outcomes & is not a sufficient substitute for an independent regulatory body. I believe the SEC needs to be more active in their enforcement and this rule provides the tools to both enforce against fraud, manipulation & deception in the SBS market & more importantly prevent these events from occurring prior to any irreversible harm to investors/market participants.

As this particular comment reopening is seeking opinions regarding the new rule 10B-1, I have included a section directly providing my opinion on these questions. I truly appreciate the SEC valuing public opinion; however I hope in the future the SEC would have a mechanism to implement at least the functional aspects of the proposed rule rather than delaying the rule in its entirety. Or at minimum have a well-defined timeline for when these rules & any amendments can occur.

I have structured my comment into the following format:

- Why do I support this proposal?
- What are some counterarguments to this proposal?
- What changes or improvements can be made to this proposal?
- Opinions on Public reporting / SEC directed questions
- Final thoughts

Why do I support this proposal?

To my understanding this rule will contain three main components.

1. Introducing new Rule 9j-1 - aiming to prevent fraud, manipulation & deception in connection with effecting transactions, inducing or attempting to induce purchase/sale of any Security-based Swap (SBS). Importantly there is an added provision that liability cannot be avoided when utilising non-public information by transacting in SBS or avoid liability in fraudulent SBS activity by transacting in the underlying equities.
2. Introducing new Rule 15Fh-4(c) – Explicitly making it unlawful for any officer/director/supervisor or employee of a security-based swap dealer/participant from directly or indirectly acting to manipulate/coerce/mislead or influence the Chief Compliance Officer (CCO) of a SBS dealer/participant.
3. Introducing new Rule 10B-1 – requiring any persons or group with Securities based swaps (SBS) positions above the specified threshold to file a new Schedule 10B for public release. The included schedule will provide information on the SBS position and positions in any underlying security, loan, group/index or any other instrument relating to the SBS.

The 2008 Global Financial Crisis was a devastating market event that altered the lives of millions of people around the world. It is a stark reminder of the impact that uncontrolled risk taking, profiteering for short term benefit only and lax regulations can have on the livelihoods of everyday people. A large proponent of this event and the underlying topic of this final rule proposal is the Securities Based Swaps (SBS) market. It is clear that despite what industry officials say, the SBS market can have a significant detrimental impact on the underlying equity market, the solvency of struggling issuers and the economic prosperity shared within the real economy. This is all the more reason to have strong regulation and active enforcement by regulators who are willing to pursue any level of manipulation, deceit or fraud. All aspects of this final rule proposal aim to strengthen the enforcement tools available to protect investors, increase market transparency and return the market to a more fair and equitable position for ALL market participants. Fraud and manipulation should not be accepted, especially when we have clearly seen the effects that can occur from the 2008 GFC.

As this comment reopening is focused more on Rule 10B-1, the following comment has a greater emphasis on Rule 10B-1. However, prior to discussing this specific rule I would like to reiterate that I as a member of the general investing public am EXTREMELY supportive of all aspects of this final rule (Rules 9j-1, 15Fh-4c & 10B-1) and hope it can be implemented immediately to prevent future crises.

As a brief discussion of Rule 9J-1 I agree with all the additional provisions stated in the final rule. As stated by the commission, this aspect of the rule has been in the making for 13 years! The time to implement this rule is now! I wholeheartedly support the expansion of the Rule 9J-1 to include anti-manipulation provisions and clarify that liability cannot be avoided in scenarios where non-public information is utilised by transacting in SBS or when transacting in the underlying securities whilst involved in a fraudulent SBS scheme. The final rule should maintain the broad coverage of all aspects of SBS positions including prohibiting misconduct in the exercise of any right or performance of any obligation. This rule should be applied to ALL security-based swaps and not CDS alone. It is a sad state of affairs when this level of distinction is required to deter market participants from engaging in such practices.

In regard to Rule 15Fh04(c) I believe that this rule is crucial in maintaining integrity of the role & the associated SBS dealer/participant. It is human nature to avoid negative outcomes in the short term with limited consideration of the long-term prospects. This situation can result in even highly

intelligent individuals to seek to offset problems via deception, fraud and manipulation. The Chief Compliance Officer (CCO) role is an integral role within each financial organisation that requires accurate & reliable data to perform their duties. This rule introduces significant risk for any party that would seek to offset negative outcomes via deceptive or fraudulent practices and minimises the risk of retaliation towards the CCO if negative outcomes arise. This is a necessary rule that should be maintained in the final rule.

Market transparency is a core tenant of the efficient market and one of the central pillars of the SEC's mandates. Rule 10B-1 addresses risks in the SBS market & furthers this overall rule by provisioning clear, concise & highly valuable data to SBS market participants and investors in the reference securities. As stated by the SEC there is a prevalence of opportunistic SBS strategies that rely on deception/misleading SBS participants or actively being detrimental to the issuers for short term benefit to certain SBS dealers/participants. As can be easily surmised by any reasonable individual, if the equity market is not actively benefiting the market participants or the underlying issuers, who rely on the market for corporate guidance and supplementary financial support, then there is a fundamental problem. At the core of this problem is the information asymmetry between the SBS dealer, SBS participant and the issuers of the underlying reference security. This allows for manipulative practices acting on non-public information by managing SBS dealers/participants prior to the recognition of this information. In the equities market acting on material non-public information would be deemed insider trading & the need for such regulation is clear. This information asymmetry also extends to the SEC as the current regulation only requires transaction data, not position data, essentially allowing SBS dealers/participants to remain anonymous to the very regulators themselves! The new rule 10B-1 is a novel but seemingly fundamental rule required to level the playing field between these participants and actively deter this damaging & counterproductive behaviour.

Fundamental to this rule and an aspect that should not be altered is the requirement for disclosure of both SBS positions and positions in any security, loan, group/index or other instruments underlying/associated with the SBS. This information is the most crucial for issuers and market participants to be aware of and the most utilised method for opportunistic SBS strategies. This data should be clearly demarcated in the filing and ideally grouped together such that both regulators and investors can efficiently assess these associations. Finance is rife with conflicts of interest and although some situations are necessary it provides excessive advantage to these institutions that should be reduced/eliminated as much as feasible.

In specifics to Rule 10B-1 I commend the SEC in creating an appropriately encompassing rule for SBS reporting. I believe that the specific language used should be included in the final rule and is required to provide sufficient information to the public. This includes classifying any person, entity controlled / controlled by or under common control with such person or group of persons as required to file. This is an essential component of the rule as in absence of this, the provisioned data will be too widely spread between entities giving a false impression of small SBS positions to the public despite shared economic risk and fail to accurately capture entities that would be above the threshold if aggregated. Throughout the decades the market has become more & more interdependent and despite legal separation or varying capital allocation, often shares economic risk if its subsidiary fails. Allowing exceptions to this rule may indirectly increase formation of alternative legal entities to obscure positions, leading to decreased transparency to the public & more importantly to the commission as aggregation will need to be performed post-filing, if even filed at all. This is made all the harder if these entities are formed internationally where the necessary information to determine underlying controlling entities is not within the purview of the SEC. Despite formation of alternative legal entities, the underlying risk formed by these positions would

not be reduced, simply obscured & allows for elevated risks to occur in absence of appropriate scrutiny/regulation.

In conjunction with the above, I also believe that the following language should also be included in the final rule:

- The inclusion of any contract, arrangement, understanding or relationship
- The clearly defined statement of after acquiring or selling, directly or indirectly ANY SBS
- Including any direct or indirect owner/seller of an SBS position exceeding the threshold

These components similar to the above are essential in capturing all participants with undue influence over the SBS market. Sadly it is clear that allowing any degree of exceptions results in those persons/entities or loopholes to be utilised if it allows for material gain. I believe this set of language is robust enough to include a majority of participants that may unfairly alter the due course of an SBS at significant personal benefit. As a general member of the investing public these statements within the rule proposal make clear that the rule applies when above or would exceed the threshold and only after acquiring/selling SBS positions, whether directly or indirectly. If I am able to interpret these rules clearly then I would expect the myriad of expert legal representatives & financial experts within these financial entities to be able to apply the rule without ambiguity as well.

I also agree with the timeline provided by the SEC for both the required filing period & release to public. As stated in the rule proposal the required filing period will be the end of the first business day after executing the SBS transaction exceeding the threshold and the public release will be immediate upon filing. This is the epitome of market transparency as it provides the necessary information in an appropriately timely manner where material positions against the SBS participant or underlying securities/loans can be assessed prior to harm to the investor. This level of transparency also has a deterrent effect against potentially manipulative/deceptive behaviour as it will be significantly more difficult to obscure this data, especially in this timescale. The immediate release to public is crucial and maintains that the data provided by the filings is time effective & the underlying reduction of risk for SBS market participants is optimal.

Amendments are a necessary provision in this rule & should have a clearly demarcated statement requiring identical filing requirements/timelines immediately when the underlying transaction/error is noticed with clear consequences to frequent or intentionally misattributing amendments. I also agree that the filings should be machine readable & should extend to all other filings to allow for efficient & timely analysis/enforcement via the SEC.

In the final rule proposal, I would strongly disagree with allowing offsetting/netting of SBS positions prior to filing. I believe all the positions should be listed rather than only the aggregate/offset even if they have identical terms/identifiers. Netting the positions could allow entities to avoid the threshold & thus not have to file both the initial Schedule 10B & any amendments. This may allow entities to amass large quantities of swaps without raising awareness to the regulators, other market participants and even the counterparties themselves. Netting relies on equal levels of risk are gained/averted by opposing positions however that may not always be true. In a market crisis counterparties may not always be able to settle & deteriorates this netting position. Also, by netting it removes the participants capacity to assess whether a dealer is provisioning excessive SBS positions & undertaking more risk than stated. This is especially true if they no longer have to file if they fall under the threshold. For the benefit of slightly more readable data I do not believe the benefits outweigh the risks. As an alternative the filling could also have an additional section for net position in addition to the listed individual positions allowing the best of both worlds.

What are some counterarguments to this proposal?

Public disclosures will reduce SBS activity and deteriorate underlying liquidity?

- The ultimate crutch for any new regulation is the undying protection of liquidity. Is liquidity the main proponent that the SEC is meant to protect? Should the SEC allow for manipulation, deceit and fraud if the alternative is a reduction in liquidity? Is protecting liquidity more important than protecting investors? This is the impression I get from reading some industry leads on this comment reopening. Even to the extent that a select few congress members have only a single direct objection for public disclosure being a cost of liquidity! Let's not mention the personal liquidity provided to these very same individuals by the finance industry.
- To my understanding the aim of a majority of these proposals is to identify large SBS positions so that excessive or systematic risks do not occur secondary to poor disclosure/regulation. This is even more evident when one of the three components of this is rule is solely to state that SBS transactions at any point cannot be used in fraud, manipulation or deception. The very fact this needs to be said is a statement of the condition of the SBS market and lack of regulation in this space. Is this not one of the first rules that should have been implemented when the market emerged?
- Should high risk positions be allowed without at least regulatory awareness if it leads to a reduction in liquidity? Shouldn't we allow for the market to gauge whether they want to engage in high-risk positions and signal these dealers/participants that the risk is unreasonable via reduced liquidity? Is liquidity in the swaps more important than the effects on underlying reference entities or capacity to settle?
- This is not even mentioning that this rule proposal is not directly affecting liquidity, simply providing disclosure on appropriately large positions, similar to the equities market where there seems to still be sufficient liquidity! Is it the SEC's fault if market participants make their own decision to reduce activity in these positions to avoid public disclosure? No one is forcing them to avoid public disclosure and the filings themselves are only disclosed one business day after the terms have been set. Aren't these terms meant to be free from undue influence and reliant on the underlying reference equity/debt anyway?

SBS are necessary for hedging, how can we allow participants to accept liability or consider whether they could have material non-public information prior to the transaction?

- It is shocking that the consideration of whether the SBS participant/dealer has non-public information at risk of manipulation is not already in practice. This should be the stance that members of ISDA & SIFMA should be supporting. This is true for the equities market and the awareness of insider trading is expected of even the most novice of investors. Why can we not expect the same of individuals managing multitudes more capital and risk?
- I don't believe that hedging or any reason for SBS investment should excuse undue caution when transacting in SBS. It is not a bad thing for participants to think first and consult colleagues prior to performing a long-term transaction.
- Additionally, is SBS the only avenue for hedging risks? Is SBS even the most efficient or reliable method for hedging? These rules do not prevent these entities from utilising other forms of hedging and may even encourage these discussions to occur. I believe the firms themselves can perform their own cost-based analysis to determine if SBS is the best method.

Data publicly released will be misleading / excessive for the public/regulators.

- I believe that if all proponents of this final rule are upheld including the presence of related securities, the inclusion of an interim threshold for calculation, 1 business day timeline and netting/offsetting positions is NOT allowed then the data will be accurate. In this scenario to my understanding, the only way for these positions to not be representative would be if there was a significant change in positions in the 24hours prior to filing/public release.

Funnily enough the short 1-day timeline and not allowing for netting/offsetting appear to be the major gripes industry leads are against despite being major proponents of ensuring the data is as accurate in both time & positions as possible. These aspects of the rule should not change. The onus of other misleading data would then fall on the reporting entities and should be a significant concern to ISDA & SIFMA if they cannot be relied upon. Would industry leads suggest even more data be presented to ensure the data is not misleading?

- I am glad that industry leads are so considerate of the regulators time when discussing the possibility of significant daily reports. As addressed by the SEC, these filings will be machine readable and I would suspect allow for rapid assessment of the individual positions day to day. There will be a high influx with any new filing when initially released. After the initial filings there will only be the transactions that have occurred within the past 24 hours or any amendments. A potential unexpected benefit of several daily reports, a common complaint of industry leads, is that daily positions / trading strategies may be less visible to the general public in the myriad of other reports. However in this situation parties that know the terms of the swaps or regulators can still easily review their specific SBS dealers/participants as they can search for specific filings.
- Additionally, the very fact that ISDA / SIFMA expects high levels of fillings, specifically created to identify/disclose high risk or materially large position indicates the need for such oversight! Doesn't this alone show how high the risk is in the current system?

There are already regulations from CFTC and FINRA that do not require public disclosure, why should this be different?

- As stated in these rule proposals, the SEC has the authority and congress given mandate to both regulate and require reporting for securities-based swaps. I do not believe that the SEC or other market participants should look to self-regulated entities as the role model on how to model or enforce regulations. To state that CFTC and FINRA oversight has been lenient would be an understatement of near infinite proportions. I can understand market participants frustrations when facing any level of regulatory scrutiny when provisioned several ongoing no action letters of relief on swaps reporting. Increasing market transparency is a mandate of the SEC, even if it is not for other entities and I believe the SEC should act in the best interest of the public and not a select few market participants. Public disclosure is already present for large equity positions and the world has not yet imploded. I am sure market participants can shoulder the burden of public disclosure on the public securities market.

Reporting positions will lead to costs thus the rule should be delayed.

- Let's for a second dismiss the fact that these institutions are the most well-funded entities on the planet, with even more resources spent on technology alone in a few months than the entirety of the regulators (SEC) annual budget. Fraud, manipulation or deception should not be allowed within the SBS market even if it results in some temporary costs to current market participants. One aspect that does not appear to be stated is the indirect savings that can occur from preventing fraud, manipulation and deception which may outweigh the costs on the market as a whole. I believe the savings in market participants identifying high risk SBS dealers/positions will outweigh the costs to these SBS dealers. If this rule does not proceed, the 'costs' that are saved will simply occur in victims of these opportunistic SBS strategies.

The comment period has been too short, these rules need more time.

- Are you kidding me?! A large portion of this rule has been available for analysis, comment and scrutiny for over 13 years. It is not the SEC's fault that market participants have not utilised this time to assess or comment on these proposals. The core aspects of these rule proposals have also been available since March 2022, more than 16 months! I may not be a large financial institution or organisation but even I can tell you definitively, that 16 months

is much greater than the usual 90-day comment period required by the SEC. This rule does not require more time and I would suggest it should be implemented immediately!

The scope of these rule proposals should be reduced to US individuals/entities only to prevent policy clashes with foreign regulators.

- It is not an uncommon feature to utilise foreign entities to offshore positions or risk. The suggestion of industry leads to avoid international scrutiny is concerning and should encourage regulators to proceed with the broad scope presented in these rule proposals. Allowing entities to offshore positions to avoid the threshold for Schedule 10B will lead to misleading data and encourage market participants to engage in this behaviour. This is counter to increasing transparency for both the regulators and investors whilst not reducing the underlying risk. Foreign entities should not be exempt. I am sure foreign regulators would side with US regulators if needed.

How can I be expected to profit if I can't use deceptive practices? This is a free market!

- Fraud, manipulation and deceit should not be accepted and can be highly destructive to the marketplace/economy as a whole. The SEC's mandate is most importantly to protect investors while ensuring a free, fair and equitable market. It is clear that Congress has provisioned these powers to the SEC to actively regulate and assess the SBS market and these rules are a continuation of these powers. All the encompassed rules in this proposal address all of these mandates.
- The SEC should not be utilised to prevent short term losses for a small number of market participants but to consider the most beneficial actions for all market participants including individual investors, pensioners and the issuers who actively provision goods, services and jobs. Financial institutions including SBS participants are filled with the smartest people in the world in regard to finance/money. If these organisations cannot profit without deceptive practices despite such significant personnel or advantage then perhaps this is the market identifying that you should not exist. Perhaps the ordinary course of business needs to change.

What changes or improvements can be made to this proposal?

Rule 9j-1

The final rule should include attempts at manipulation in the anti-manipulation statement.

- Prevention is of greater benefit than enforcement after the fact. Provisioning that any attempt at manipulation hopefully provides the SEC some teeth to seek and prevent active manipulation prior to damaging investors/issuers.

Rule 15Fh-4(c)

Do not include safe harbor provisions for hedging or other scenarios.

- The crux of this rule relies on empowering CCO's to act appropriately at all times and receive timely/accurate information to perform the role. Providing safe harbor via vague poorly defined scenarios deteriorates this rule and is indirectly stating that the SEC allows for manipulation, coercion or misleading information in relation to these situations. Why does hedging scenarios require any of the above? Additionally the need for this rule implies that without such a concrete rule it is very difficult to identify and enforce as a regulator without very clear & damning evidence. Providing loopholes without very significant benefit will only make this rule harder to enforce and ultimately not empower CCO's as desired.

Rule 10B-1

Add a statement regarding timeline for amendments. Ideally should follow the same timeline as initial filling – i.e. within 1 business day of transaction/notification of error & released publicly immediately

- I believe such statement would add clarity to amendments & reduce the risk of malicious obscuring of data. The effect of this filing in reducing risk to SBS participants/investors

requires timely information & any delay or obscuration significantly hampers this rule. Both for effectiveness & consistency with the remainder of this rule I believe that the amendments should follow the timeline of the initial filings as above.

State amendments cannot be utilised to obscure filings & excessively frequent amendments or intent to manipulate filings would be actively regulated/enforced

- A clear statement would be consistent with the theme of this rule to prevent fraud, manipulation & deception.

Rather than allow group fillings or individual members of group to file, mandatorily make individuals file their positions & mandatorily state any affiliated group/parties on a separate section of the filing

- I believe this would add clarity to this rule & prevent ambiguity on which party needs to file when above threshold. Additionally the inclusion of the group on each filings allows investors/SEC to group the filings & cross check with each filing if all parties of the group are included. For example if a group decides to make individual filings and one or more parties do not file who receives the consequences? How would the SEC confirm that these parties were in a group efficiently? This makes it so all parties must file & ensure liability is shared with the appropriate parties.

Opinions on Public reporting / SEC directed questions

Prior to any comment on SEC directed questions, I have below outlined my understanding of the thresholds at which the Rule 10B-1 would apply & require filing.

Thresholds:

Equity-based SBS

Threshold is reached when one of the following is reached: (*Note that the lesser of the two maintains the threshold)

- Notional value of SBS >$300 million gross (short & long positions)
- Notional value of SBS >$150 million gross & value of all underlying equity/delta-adjusted options notional value in relation to SBS exceeding a total of $300 million (SBS + equity + options/futures)

  OR
- Total number of shares in SBS as a percentage of outstanding shares in underlying class of equities exceeds 5%
- Total number of shares in SBS as a percentage of outstanding shares in underlying class of equities exceeds 2.5% & inclusion of all underlying equity / options / futures /derivatives exceeds the 5% total outstanding shares** (simplified for readability – exact determinants of size of derivatives positions determined by 'Security-Based Swap Equivalent Position' calculation – pg. 80-81 of final rule proposal)

Debt-based SBS (CDS)

Threshold is reached when one of the following is reached: (*Note that the lesser of the two maintains the threshold)

- Long notional amount of >$150 million (=Long notional SBS amount – Notional long positions in deliverable debt security underlying SBS)
- Short notional amount of >$150 million

  OR
- Gross notional amount of >$300 million

Debt-based SBS (Non CDS)
Threshold is reached when:

- Gross Notional amount >$300 million of non-CDS SBS & any underlying debt-based security

Any opinions on the Reporting threshold amount for each asset? I.e. Equity SBS, CDS, Non-CDS debt SBS etc

- Overall, I believe the SEC has appropriately justified the threshold for each applicable SBS and provides sufficient coverage of high risk participants. CDS & Debt based SBS in the absence of utilisation for hedging has perverse incentives to act against debtor's best interests and the SEC has finely crafted this rule to incorporate both the consideration of hedging in long position CDS versus the less incentivised debt based SBS. I appreciate that the SEC has included gross notional amounts in its considerations as identifying increased risk in large counterparties is important to disincentivise excessive SBS positions, especially dangerous when market conditions rapidly change and when counterparties are more reliant on each other than ever.
- For equity securities I believe the final rule should maintain the interim threshold at $150 million gross or when the percentage of total shares within SBS exceeds 2.5% outstanding of the underlying equity. A large proponent of equity-based swaps beyond hedging is to allow for trading positions to be hidden from public purview. Consistent with this behaviour to prevent public exposure of positions I believe in the absence of this interim threshold there would be a very high proportion of intentional avoidance of the threshold via underlying equity or derivative positions. In this situation despite not solely owning SBS, the overall risk profile remains elevated as these entities are still largely exposed to the underlying security via equity or derivatives & can still actively take related positions to the SBS without public disclosure on non-public information.
- The only consideration I may suggest for equity based SBS threshold calculation is for the SEC to consider increased weighting for short position SBS as the risk profile between long and short positions are not equivalent. In the event that the SBS pricing moves away from the desired target price for the issuing security based dealer, in a long position there is a maximum cost whereas in a short position the underlying security may appreciate greater than the dealers overall equity & more rapidly deteriorate. Whether this component is a fixed weighting such as 2x the short position or a variable weighting based on recent price changes/volatility in a defined period of time could be a point of consideration? Either way in determining high risk positions that may require SEC intervention or assessment, the disequilibrium of risk between short & long positions should be analysed. I do not believe this is a critical aspect that requires further delays to assess or implement & believe this could be considered for future iterations of the actively functioning rule.

Should the final rule consider the related securities positions for SBS participants when calculating the reporting threshold? In absence of this consideration should the threshold be altered?

- I believe with the current thresholds including the interim thresholds specific for equity-based SBS & CDS there is sufficient coverage & inclusion of securities/derivatives positions in the threshold calculation. If aspects of the final rule do not encompass all components of this rule proposal such as the interim threshold, determination of position for equity-based SBS, delayed release of filings to the public or a reduction of any of required items in the schedule i.e. listing positions in related securities/derivatives then I believe the threshold should be lowered to $150 million rather than $300million gross or related securities positions should be aggregated in every threshold calculation. To level the information asymmetry and provide regulatory analysis, the core component that needs to be available is whether a large SBS position is occurring and whether the SBS market participant has

undertaken any conflicting transactions such as opposing securities positions that may be secondary to material non-public information.

- As an additional provision if the net total number of shares in SBS exceeds outstanding shares of a certain threshold, say theoretically 80% for all market participants that are subject to this rule, I believe that the related securities positions/derivatives should be considered for all threshold calculations, for all market participants. In this provision it would prevent settlement failure via SBS positions exceeding the available underlying shares as entering such a state would impose stricter thresholds on all market participants & possibly result in disciplinary action via other market participants due to shared consequences. This would also encourage smaller participants that may be close to the threshold without such calculations to reduce associated positions & increase underlying liquidity if settlement would be required.

Should the final rule allow for offsetting/netting SBS positions?

- No. I don't believe offsetting/netting SBS positions to be an excessively beneficial prospect in the context of providing market transparency to SBS participants or regulators. There are two aspects in which offsetting/netting may impact this rule. On the public disclosure / Schedule 10B side, by listing only offset/netted positions there is a significant reduction in the overall valuable information provided to the SBS market participants/regulators as participants will no longer be able to glean the overall size of gross SBS positions and may even mislead investors by showing opposite positions via matching non-identical terms as equivalent risks/settlements. Even with identical terms/identifiers I believe the marginal benefit of readability of data is outweighed by the further risk of misleading, manipulating & deceiving investors with creative accounting whilst also removing useful information necessary for effective enforcement.
- On the other side, allowing offsetting/netting may unintentionally allow market participants to avoid the thresholds required for filings & encourage larger SBS positions to net/offset rather than reduce SBS below the threshold. This will be especially true if the final rule does not include interim thresholds or accommodate for gross positions. Another concern will be whether increasing the size of SBS positions via netting on a macro scale actually reduces the risk or improves likelihood of settlement. In the current climate where SBS has been regulated with only transaction data & not position data, many participants may be already holding excessively large positions even if overall net neutral. Encouraging a larger aggregation of SBS positions may lead to events where the swap position exceeds the underlying securities outstanding and actually be detrimental to settlement / introduce a critical systemic risk.
- If offsetting/netting is required for readability, then I suggest that a separate section in Schedule 10B is utilised whilst keeping the individual positions to provide both forms of information to the investing public / regulators.

Should the final rule allow for aggregation of SBS by any person / group, even if separately legally established & capitalised or held in another entity/persons account despite under common control of initial person? If not aggregated should the threshold be altered?

- I believe that the final rule should require an aggregated threshold calculation for any of the above. This rule relies on informing market participants & regulators on misleading/deceptive transactions that are common in opportunistic SBS strategies in an efficient and accurate manner. By allowing participants to mask positions or avoid thresholds via legal loopholes such as holding under differing entities, this may result in false impressions of reduced risks or lack of secondary transactions. This is especially true for regulators where allowing for several entities to be assessed separately despite sharing economic risk or reputational risk in event of failure, will significantly increase the resources required to assess whether these transactions occurred & efficiently cross reference prior filings. As is not an uncommon practice, often these legal entities are created outside of

direct US jurisdiction and will reduce the SEC's capacity to accurately provide SBS position data. In the longer term this may even encourage a larger exodus to such international legal entities in pursuit of obscuring positions, overall reducing the transparency of the SBS market & the underlying securities rather than improving it.

- In the event that the above cannot be aggregated for threshold calculations then I believe some of the following may be partial fixes. If SBS participants exceed a certain number of linked subsidiaries / legal entities or have entities in high-risk locations then they require aggregated calculations, a risk based modifier on gross positions or reduced threshold requirements. Potentially requiring the CCO to sign off on the Schedule 10B stating no other transactions were made with other groups or entities, including entities that are under control of the initial person may also strengthen these scenarios. This solution however would require the rule 15Fh-4(c) to be in effect to ensure accuracy of this statement & appropriate liability/consequences.

Final thoughts

As a conclusion to this letter, I would like to once again reiterate that I very strongly support the SEC's rule proposal on *'Position Reporting of Large Security-Based Swap Positions; Prohibition Against Fraud, Manipulation, or Deception in Connection with Security-Based Swaps; Prohibition against Undue Influence over Chief Compliance Officers'* (S7-32-10) and hope this can be implemented IMMEDIATELY prior to any further significant market events. This rule is essential to protecting investors in both the SBS market & the reference entities & maintaining the integrity of the market as a whole. The SEC exists to protect & ensure the market is equitable to ALL investors/issuers & should not be beholden to preventing relatively short-term losses for a select few market participants, especially at the risk of enabling fraud, manipulation & deception.

I as a member of the general investing public wholeheartedly support this rule & hope my contributions have been useful.

Thank you for looking out for retail / individual investors & considering our opinions.

Kind regards,

Aswin Joy
Retail / Individual Investor