

August 13th, 2023

By Email

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 205499-1090
rule-comments@sec.gov

Re: S7-32-10 Proposed Rule for Position Reporting of Large Security-Based Swap Positions

Ms. Countryman,

I am writing to express my viewpoints regarding the proposed rule on Position Reporting of Large Security-Based Swap Positions, as outlined in the SEC rulemaking proposal S7-32-10. As a concerned participant in the financial markets, I believe that this rule has significant implications for transparency, market fairness, and investor protection. I appreciate the opportunity to contribute to the discussion surrounding this crucial matter.

Transparency

I wholeheartedly advocate for the implementation of full and comprehensive transparency. Achieving a level playing field between individual investors and institutional investors is paramount to ensure a fair and equitable market. Transparency can serve as a powerful tool to empower investors with the information they need to make informed decisions and navigate the complexities of the financial landscape.

Immediate Reporting

I strongly endorse the concept of immediate reporting for large security-based swap positions. It is imperative that reporting time frames align, at the very least, with those applicable to insider-buy-ins. Ensuring swift reporting is vital to maintain market integrity and provide timely insights to regulators and market participants.

Definition of Large Positions

I firmly believe that every position, no matter how small, should be subject to mandatory reporting. Applying reporting requirements to even the smallest tradeable fractions is essential for fostering a transparent market environment. This approach would prevent the potential for manipulation through hidden or unreported positions.

Reforming Existing Regulations for the People

I advocate for the revision of existing regulations with a focus on promoting fairness for individual investors. Regulations should strive to level the playing field between individual and institutional investors or even offer advantages to individual investors. The overarching goal of rules and regulations should be to encourage genuine liquidity, even if at a modest level, rather than incentivizing high-frequency trading and hidden swap positions.

The Problem of Unknown Positions and an Unknown Number of Securities

A shift towards long-term investment strategies should be encouraged, counteracting practices like high-frequency trading, failure-to-deliver (FTD), stock lending, stock borrowing, and hidden swaps that can undermine genuine investment efforts. After all, there are more shares in circulation than exist for most companies, due to FTDs, stock lending and borrowing (refer to the book *Naked, Short & Greedy* by Dr. Trimboth). This undermines the entire concept of a market, due to the currently unknown quantities of securities. This is why transparency must be strongly enforced.

Disclosure of Raw Data and Not Aggregate Data

There was a recent comment letter sent by the Managed Funds Association, dated May 16th, 2023, that stated: “B. If the Commission elects to proceed to a final rule, the Commission should modify the rule to provide for anonymized and aggregated reporting similar to the CFTC large trader reporting rules” However, aggregated reporting is exactly a measure to obfuscate positions. Aggregated data cannot be directly used by individual investors and is therefore harmful to long-term investment strategies of the People. I encourage the SEC not to listen to corporations, but to the People.

Ultimately, the decision to use aggregated data or raw data for reporting swap positions involves a balance between transparency and privacy. The SEC needs to strike the right balance for creating effective rules that enhance market oversight while maintaining investor confidence and protecting sensitive information. *Therefore: Data privacy for individual investors should be upheld, while the raw data of institutional investors should be fully disclosed. This is the right balance, and yes, it does favor the People over corporations.*

Sincerely,

Florian Rhyh