NSCC-2021-010 should be disapproved under Section 19(b)(2) of the Exchange Act.

Upon review of the filing, I notice many issues within this proposed rule which negatively impact market conditions, as well as wording within this rule which acknowledges illegal naked shorting is occurring by NSCC members, and this proposed rule may facilitate further illegal naked shorting.

After discussing items which need further evaluation by the NSCC, so that they may attempt to file a rule which is beneficial to all market investors and the general public, I will provide more information on why this proposed rule needs disapproval.

The next 7 paragraphs are outside of the proposed rules scope, but are important factors when considering approval or denial of this rule.

The NSCC needs start from scratch on this proposed rule to address the real concerns with their organization and its members:

The NSCC would have faced a worst-case hypothetical loss of $40.7 billion if its largest clearing member had defaulted in the first quarter of 2021 due to the events surrounding Gamestop and the "meme stocks". The projected loss exceeded the US central counterparty's (CCP) available liquid resources at the time by roughly $600 million, meaning it would have failed its Cover 1 obligation if this event had materialized.

The NSCC was caught short twice to cover its worst-case hypothetical loss in June of 2021, which could have resulted in a projected loss of $35.9 billion if its largest clearing member had defaulted. The NSCC exceeded the US central counterparty's (CCP) available liquid resources by $5.1 billion on one day and by $1.02 billion in a separate instance.

The NSCC reported two instances in the third quarter of last year where its payment obligation in a worst-case hypothetical loss exceeded the CCP's qualifying liquidity. Option expiration days in July and September led to a spike in clearing activity, leaving the CCP's liquid funds short by $594 million and $32.7 million, respectively.

This is three quarters in a row where the NSCC didn't have enough liquid resources to cover the default of its largest clearing member in an extreme-but-plausible stress scenario.

The NSCC should be writing a rule which addresses the concerns of their members from taking risky, leveraged bets. Increased capital requirements, and a full unwinding of defaulting members portfolios instead of what is proposed in the proposed rule filing.

I have thoroughly reviewed this filing and completely agree with the comments submitted by "B. Thomas" on 2/10/2022, and am going to reiterate that argument here:

Proposed rule change SR-NSCC-2021-010 should be disapproved under Section 19(b)(2) of the Exchange Act.

Proposed rule change SR-NSCC-2021-010 fails to accurately fulfil the requirements of Title VIII of the Dodd- Frank Wall Street Reform and Consumer Protection Act Sections 806(e)(1)(C)(i), 806(e)(1)(C)(ii), and 806(e)(1)(D).

SR-NSCC-2021-010 Section I omits the purpose of the proposed rule change. The language from Section I, is repeated under Section II(A)(1) titled: purpose. Items (i), (ii), (iii), and (iv) in the referenced section are inaccurately represented as the purpose of the rule change. Rather, these are the privileges that will be granted to the NSCC and NSCC Members as a result of the proposed rule change. The purpose of the rule change should be described as the reason(s) that the listed privileges have been proposed and the equally distributed benefit that all market participants would gain from implementation of the rule change. However this benchmark is not achieved in the contents of the proposed rule change. It is shown that any perceived benefits are disproportionally received by select elite entities, as described herein. It is shown that the purpose is to obscure negligent risk behavior of NSCC members, and potentially even further facilitate this behavior.

Section II(A)(1)(i) paragraph 2 sentence 1, SFTs largely do not involve the owner of securities. The lender of the securities may have the rights from the owner of the securities to lend the securities, but the lender is not typically the owner. This introduces an additional level of risk that is omitted from SR-NSCC-2021-010. In the case that the lender has legal rights to lend the securities but does not own them, the lender takes no risk in the risk-situation that they have just facilitated, the risk-situations NSCC describes in the rule change, as commented on herein. Thelender has directly contributed to devaluing their customer's asset by lending it to short sellers. The lender takes no responsibility in considering the level of risk being that the lender hasnothing to lose, yet market risk is introduced twofold: 1) The lender has contributed to devaluing a customer's portfolio, which is most likely leveraged on margin as this is common practice andtherefore creates customer risk, and potentially greater market risk depending on the size of the customer 2) The lender has created an SFT in which they have no stake in the underlying investment, and are therefore detached from the SFT as an investor. In a true SFT the lender/owner believes that they will make more money from the interest of the SFT to offset anypotential devaluation of the underlying from short selling, while the borrower believes the opposite. The lender-owner would not offer a SFT if it is believed that the depreciation of the asset through short selling would be greater than the interest from the SFT. In a detached SFT, this consideration is not made, the detached-lender's only consideration is that they will receive interest on the loan. This creates a prime environment for abusive short selling, where lenders enabling the short selling take no risk and make no consideration to the risk that they are creating.

Section II(A)(1)(i) paragraph 2 sentence 4, SFTs are only needed to provide liquidity if Market Makers have failed to operate as required. SFTs should not be justified in the name of market liquidity. SFTs should not be used to make DELIVERY on short-sales, and thereby avoid FTDs. SFTs should be used to ENTER a short sale if the short seller does not own the security (however, this itself presents risk to the market, the only way to adequately manage that risk is torequire that the short-seller actually own the security. The counter-argument that, the short-seller is speculating that the security value will decrease and should not need to own the security as an investment, is not a valid rebuttal. Short-selling should be exactly as that statement indicates, which is a speculation that the value of the security will decrease to some extent. The rebuttal defends what all short selling has become today, which is abusive short selling that manipulates the value of a security to be devalued to worthless through trading techniques in no relation to the fundamentals of the security itself. It is seen that the investor would not want to own the security when practicing abusive short selling, and unnaturally creating massive market risk. This point is beyond the scope of this comment response). If SFTs are used to deliver short-sales, that means that the initial short-sale was already a naked-short, which violates SEC REG SHO. Before even entering the description of the proposed rule change, NSCC has confirmed knowledge of market corruption, securities law violations, and market manipulation. The proposed rule change would shield, and possibly further enable, these activities.

Capital Efficiency Opportunities

Section II(A)(1)(i) paragraph 3 sentence 1, NSCC believes that Basel III capital and leverage requirements enacted to protect the market, hinder NSCC Members from entering SFTs. NSCC highlights the inherent risk any SFTs have on the market, by explaining that SFTs require higher capital and lower leverage requirements than normal trading.

Section II(A)(1)(i) paragraph 3 sentence 2, NSCC believes that the rule change will further increase the ability of NSCC Members to enter SFTs. This indicates that the rule change will make the inherent risks SFTs have on the market more prominent, through increasing SFT availability and accessibility.
Section II(A)(1)(i) paragraph 4 sentence 4, NSCC indicates that the proposed netted balance sheet method helps NSCC Members to reduce the amount of regulatory capital required by regulatory capital requirements. This indicates that the rule change will increase the risk that NSCC Members exert of the overall market, by lowering the capital requirements to make lofty bets.

Section II(A)(1)(i) paragraph 5 ALL, NSCC continues their profound obsession to maximize the risk in financial markets by facilitating ways for their Members to dodge regulatory capital requirements. There is no reason a securities regulation should be proposed to absolve any select participants from established capital requirements that are used to mitigate risk, other than to facilitate market corruption. These participants are the ones involved in creating the greatest market risk in the first place.

Fire Sale Risk Mitigation

Section II(A)(1)(i) paragraph 10 and 11, NSCC elaborates how their Members already utilize SFTs and create great market risk. If the borrower defaults, there is a potential fire sale scenario where all owners of affected securities suffer loss. The rule change will increase the availability of SFTs to NSCC Members, even though SFTs are already a significant contributor to the underlying reason of Member defaults. This indicates that the rule change will potentially increase the level of negligent risk behavior of NSCC Members.

Section II(A)(1)(i) paragraph 12, NSCC explains that in the event of a NSCC Member default, the NSCC will only liquidate the Net positions, and not the Gross positions of the participant. The justification is that less positions will be closed, and therefore less price impact inflicted to the affected securities. NSCC indicates that NSCC Members take such negligent risks, on such a high volume of securities, that action must be taken so that in the event of a default, the market impact is minimized. The rule change indicates no proposal to prevent the negligent risk of Members. Instead, the rule proposes to protect the negligent NSCC Member activity by making sure that the Member does not go bankrupt in the event of default, and has a high change to recover. Meaning, the defaulting Member will re-emerge in the market to perpetuate their negligent risk behavior. The proposed rule directly stimulates increased risk behavior by minimizing the downside to the risk-taker. In the event of a Member default, the defaulter shouldin no case be protected from full default, and great effort should be made to maintain the investments of unaffiliated parties of the defaulter. Per NSCC requirements, NSCC and remaining Members are responsible for the open portfolio positions of the defaulting Member. The only reason for a fire sale as a result of liquidation of the Member's positions would be directly from NSCC's actions to close the positions haphazardly. The rule not only furtherfacilitates NSCC Member negligence, but it also facilitates the negligence of the NSCC itself. The rule enables the NSCC to limit their own loss as a result

of Member negligence, which removes responsibility and accountability from the NSCC as an SRO to ensure that NSCC Members are following securities laws and not engaging in high risk behavior.

Liquidity Drain Risk Mitigation

Section II(A)(1)(i) paragraph 13, generally the paragraph does not warrant comment, it only redescribes that NSCC Members overextend their positions and create high risk situations, which can have far reaching impact beyond the Member itself and cause market wide downturn. Section II(A)(1)(i) paragraph 13 sentence 4, if a borrower needs to re-borrow a security to deliver it to a counterparty, that means that the said borrower did not own the security or have the security borrowed for the short sale. This is naked shorting and is illegal under SEC REG SHO. Illegal naked shorting activity has been referenced again in the rule proposal, and glossed over as normal market activity.

The remainder of the proposed rule change only provides the details of the system NSCC would like to implement to further perpetuate illegal, negligent, high-risk behavior of its Members. As described up to this point, there is significant reason to disapprove this rule change. The proposal itself should be replaced with a new NSCC rule change proposal as to how NSCC will reduce the vast market risk imposed by NSCC Members, to possibly include considerations such as: increase capital requirements, NSCC defaulting Member portfolio unwinding procedures, NSCC obligations to make market participants whole from negligent NSCC Member actions, etc.

Note, that this is a resubmission from the original comment submitted on 2/15/2021 for clarifying purposes and verbiage changes.