

I would like to thank the Commission for delaying NSCC 010 and then instituting proceedings to consider disapproving of the proposed rule. What is NSCC 010, NSCC facilitates 1-day loans of securities from Counter Party A who has the security to Counterparty B who is going to fail to deliver the stock they sold naked. This would allow for Counterparty B to "cover" their naked short position for a day, preventing the naked short from becoming a failure to deliver while counterparty A gets an agreed amount of cash for their loan. Thereby resetting the cycle and allowing the naked short to indefinitely persist.

- Section 17A(b)(3)(F) of the Act,¹³ which requires, among other things, that the rules of a clearing agency must be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible and to protect investors and the public interest; and

Clearly, the NSCC is failing on all fronts of this respective legal mandate and using this proposed rule to cover up the systemic fraud and criminality they and the DTC have allowed to fester. The main issue of NSCC 010 is the Naked Shorting and the Failure to Deliver of Securities. Why the Commission has continued to allow Naked Short Selling regardless of the situation is concerning, to say the least. Only in our financial markets do we allow a select few individuals/companies to sell shares of companies that they do not own and did not borrow. Should you engage in this type of activity in any other situation such as selling 100 car titles when you only have 1 car title to sell, you would be arrested and thrown in prison for such crimes. Yet in our securities markets, this is not only commonplace but widely accepted by the SEC, FINRA, and DTCC.

So to the commission's original point concerning the NSCC's role in enforcing "Section 17A(b)(3)(F) of the Act,¹³". The NSCC and DTC cannot claim to safeguard securities and funds that are in custody or control of, while then in the same document asking the commission to approve a rule that would allow for the infinite cycling of naked shorts to prevent them from becoming failures to deliver. Reaching the point of "Failure to Deliver" requires going through the entire settlement process for the respective party, while still actively choosing to not cover the naked short.

- Rule 17Ad-22(e)(7)(i) under the Act,¹⁴ which requires a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively

measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by, at a minimum, maintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for the covered clearing agency in extreme but plausible market conditions.

The commission raises a perfect point. The NSCC and DTC are tasked with "establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency... at a minimum, maintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence ". As we can see from 2020/2019 NSCC Annual Financial Statements, "[O]pen positions for which a trade guaranty applied": \$183 billion (\$143 billion)", yet as of Dec 31, 2020 the clearing fund only had \$11.8 Billion (\$5.5 Billion). The DTCC has allowed an untold number of failures to deliver to accumulate without instituting a forced buy-in. This same DTCC is now asking that they and the bad actors/criminals who are intentionally and continually failing to deliver without ever covering their naked shorts or failure to deliver, should be allowed to set up a system that legally allows them to indefinitely naked short and fail to deliver. The fact that the NSCC is even proposing this shows the fact that the SEC needs to step up and take immediate independent action of the DTCC in closing out of all naked short positions and all failures to deliver.

- Rule 17Ad-22(e)(8) under the Act,¹⁵ which requires a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to define the point at which settlement is final to be no later than the end of the day on which the payment or obligation is due and, where necessary or appropriate, intraday or in real time.

The DTCC has allowed for the infinite naked shorting and failing to deliver of companies to the point where the SEC themselves has to "move" over 5,000 bankrupt stocks to the "Expert markets" not allowing retail participation due to the unprecedented number of naked short positions still open in those companies to this day. It was not enough for these criminals to naked short a company to death, but to then never close their positions so they would never have to incur a taxable event. It's highly concerning that the SEC would remove those companies from the market and help cover up for the criminals who have naked shorted these companies to death all without ever closing their positions.

A system that allows for participants to keep naked short positions open forever should not exist, and if one did exist, it should be dismantled immediately. I urge the commission to reject the proposed rule NSCC 010 and to take independent action to ACTUALLY end the practice of naked shorting and failures to deliver.