

To Whom it may concern,

I am sending this email as an international retail investor who holds securities listed in the USA. I am commenting on the proposed ruling of SR-NSCC-2022-003 as I find this proposal to be deeply concerning and feel that the passing of this rule would not be in the best interests of retail investors invested in the US Markets.

My main concern with this proposed ruling is the introduction of novation for clearing members and the establishment of SFT clearing. I am concerned that the introduction of an overnight market for SFT clearing will not work to the benefit of retail investors. In the current market a lot of trading is already done via ATS systems aka 'Dark Pools' and the introduction of the SFT will provide institutions with essentially an overnight reverse repo market to cover failure to deliver. This is not to the benefit of retail because this further suppresses price discovery and increases systematic risk as this sets a bad precedent – if an institution cannot deliver on their FTD's being able to 'borrow' new shares through an SFT this allows them to keep avoiding settlement of the FTDs indefinitely.

This is bad for retail as in addition to preventing price discovery this effectively prevents overleveraged short sellers from covering short positions when they cannot meet margin calls. This sets a bad precedent because bad actors in the market will not have to face consequences when they make a bad trade. This gives institutions an unfair advantage. If I made a bad investment and lost money I would have to live with my decisions. I would not be able to go to a third party for a bailout. In a free market no party should have such an advantage over other market participants.

To this end I urge you to withdraw this proposal immediately as this does not promote market transparency and price discovery, and therefore undermines confidence in the US Markets.

Yours Sincerely,

A UK Retail investor.