September 13, 2021

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Dear Ms. Mitchell,

Please accept this letter as a formal comment in response to Regulatory Notice 21-19: "FINRA Requests Comment on Short Interest Position Reporting Enhancements and Other Changes Related to Short Sale Reporting".

I am a "retail trader," who stumbled upon stock trading later in life. I am the mom of three sons, ages 34, 24, and 10 and have an 8-year-old granddaughter. I support my 10-year-old son and I on $25,000/year from disability and part-time gig work as a grant and content writer. The cost of living is beyond what the poverty levels indicate. I scrape by as there have been times I had to access public support, like the food pantry and heat/electric assistance. Inflation is not good for someone in my income bracket.

For many years, I was a successful executive, making a decent living. I have a bachelor's degree in mathematics, but chose the not-for-profit, charitable career path. From 2000-2011, I served as the director of a statewide children's mental health advocacy organization and, later, director for a national mental health and juvenile justice organization. In 2011, three months after delivering my third son, I became very ill. I was in and out of hospitals for several years, survived two severe sepsis incidents and acute pancreatitis. I am lucky to be alive.

I have chronic pancreatitis, which is chronic inflammation of the pancreas. It is a very painful and financially draining condition. I had to cash out my hard-earned 403B to pay thousands of dollars in medical-related expenses and copays. Pancreatic enzymes, which I need to live and thrive, are $600/month…and that is with Medicare and a supplemental I pay in addition to paying for Medicare. During my illness, I became a single parent and couldn't afford the predatory mortgage I had acquired in 2007. I lost my home a few years later. I tried to save money, yet something always came up to drain my bank account.

A year ago, my two oldest sons began stock trading on a well-known app. They seemed to be doing well, making some side money. I figured I'd try it. How hard could it be? As soon as I received my January stimulus, I transferred it into a new brokerage account. All of it. I started buying stocks. Since I didn't know what I was doing, I ended up a "bag holder" with a few stocks. One of many lessons learned. I was conservative with the amount I'd put into a particular stock or ETF. I waited six months before placing my first option order, and still mostly paper trade.

I began to learn how to hold on to my positions and not panic sell. Sometimes I'd buy the dip, sometimes I waited it out. I was intrigued by stock trading, especially the mathematical components. I watched how-to stock trading videos, read online articles and comments, and received support from fellow retail traders. That last part is key. We, retail traders, support each other. In February, I joined a stock-themed voice chat group. Later that month, I deposited my income tax refund into my brokerage account.

I am a mediocre-at-best stock trader. It isn't something you learn overnight. There are many aspects to consider when placing a trade…the technical, fundamental, psychological, quantitative and short selling. I have learned much about short selling this past year and was shocked to learn of the time delay in short sale reporting, secrecy of hidden shorts, dark pool abuse, the use of artificial intelligence (AI) and high-frequency trading, lack of failed to deliver information, predatory tactics to run companies into the ground and the overall lack of regulatory enforcement.

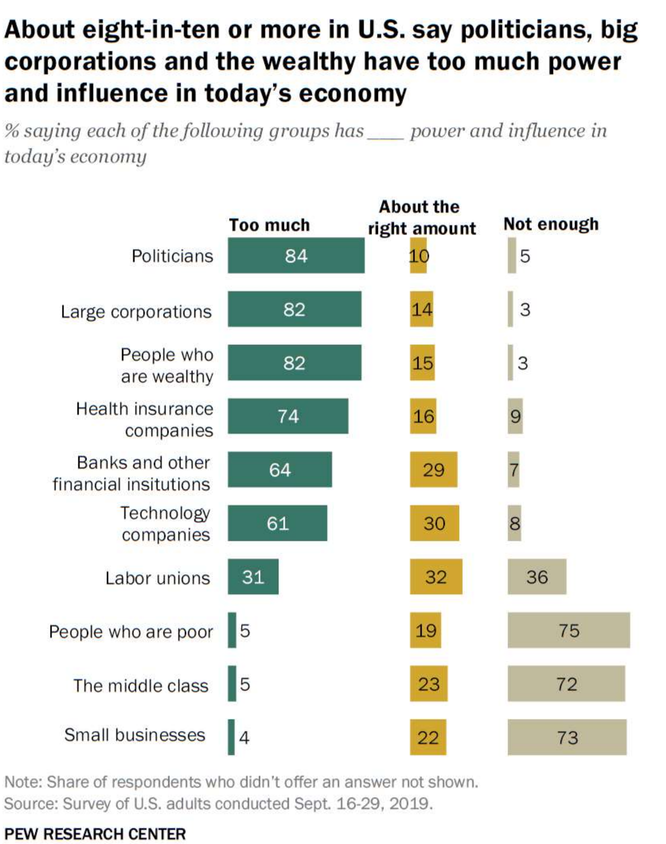
Short interest should be reported daily. By not delivering accurate and timely short sale information, short sellers have an unfair advantage to the retail trader, who is trading off last month's data. Short interest is completely useless the longer it goes unreported. As we have seen in the past year, short squeezes do not happen in a vacuum. These large corporations can perform the most complicated trades, yet they are incapable of high-level financial IT reporting. If a short seller can make a trade using a computer's AI that they, by themselves, or a whole floor of PhD's created, there should be no doubt they can figure out how to report short interest by the end of each trading day or at opening bell the next day. If they don't have this data accurate to the second, then they shouldn't be short selling. It amazes me that short sellers who oppose timely short interest reporting suddenly become "financial IT incompetent." They say it's too much work. However, in interviews, they boast of being financial IT masterminds. So, which is it? I am sick of the excuses and enabling of this behavior.

Create a new rule to require that participants of a registered clearing agency report to FINRA information on allocations to correspondent firms of fail-to-deliver positions. Failed to delivers should be public information. How does concealing this information truly benefit anyone except the person or company who failed to deliver? There is zero accountability. All I have to say is, if you engage in the public equity system, the information should be public. This is the U.S. and we have less sharing of equity trade information than do most other countries. Stop the secrecy!

Listen to the retail traders. If we are complaining about something a thousand times over, please consider our lived experiences as "experts" in our own right. Retail traders have been advocating for themselves more than I have ever witnessed in history over the unfair and secret nature of the U.S. equity system. We have become engaged as citizens, sending complaints to the SEC, Congressional representatives and Senators. We need to be "at the table," included on committees and panels. It's as though we have no voice. That is not democracy. It is a disgrace that the Dodd-Frank deliverables have taken this long, and changed along the way. Final phases will not be completed until 2022. Dodd-Frank was passed in 2010. That is unacceptable. I call on the SEC and FINRA to engage with the retail trader to transform this system into one that is truly fair and open.

Stop the grey areas of market manipulation. Market manipulation runs rampant. It is something we know is happening, watch it on a daily, but isn't talked about or enforced. Market manipulation by powerful institutions only benefits them and their colleagues. It is a large contributor to skewed wealth distribution in this country. The middle class has shrunk at an alarming rate. Americans are sick of it.

A Pew Research study[1] found 61% of Americans surveyed say there is too much income inequality. Two-thirds of Americans who say there's too much economic inequality in the U.S. think addressing this inequality requires major changes to the economic system, and another 14% think the economic system needs to be completely rebuilt; 19% say the economic system requires only minor changes in order to address economic inequality. In 2018, households near the top of the income ladder had incomes that were 12.6 times higher than those near the bottom. By comparison, in 1980, households near the top had incomes about nine times the incomes of households near the bottom. When it comes to wealth accumulation, only those families ranked in the top 20% in terms of net worth have gained back the wealth lost during the Great Recession. Today the median net worth of those families is 13% higher than it was in 2007, while the net worth of families in the 20th to the 40th percentiles of the wealth distribution is 39% lower than in 2007, according to Pew Research Center analysis of government data. The below chart shows how Americans feel about our leaders, the wealthy, and corporations.



[1] https://www.pewresearch.org/social-trends/2020/01/09/most-americans-say-there-is-too-much-economic-inequality-in-the-u-s-but-fewer-than-half-call-it-a-top-priority/#fn-27657-3

Companies targeted by short sellers need more protections. Companies have legally been run into the ground by short sellers. This practice must stop. In 2013, two researchers from Princeton and Columbia University, published *Predatory Short Selling*[2]. The paper was a high-level mathematical justification for temporary short sale restrictions for financial institutions at times when their balance sheets are weak. Although this is about financial institutions, their analysis and conclusions on the nature and activities of short sellers still occurs. Here is what they said:

"Financial institutions may be vulnerable to predatory short selling. When the stock of a financial institution is shorted aggressively, leverage constraints imposed by short-term creditors can force the institution to liquidate long-term investments at fire sale prices. For financial institutions that are sufficiently close to their leverage constraints, predatory short selling equilibria co-exist with no-liquidation equilibria (the vulnerability region), or may even be the unique equilibrium outcome (the doomed region). Increased coordination among short sellers expands the doomed region, where liquidation is the unique equilibrium."

Not much has changed. But, the time for change is right now. In closing, I hope this comment letter helps FINRA in shaping rules moving forward. When deciding on proposed rule changes, please think of me and all the other small investors wanting for a better future for ourselves and our families. Goal: a fair and fully transparent market.

Sincerely,
Brooke Valerino

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[2] Brunnermeier, Markus Konrad and Oehmke, Martin, Predatory Short Selling (August 21, 2013). Review of Finance (2014), 18(6): 2153-2195, Columbia Business School Research Paper No. 13-29, Available at SSRN: https://ssrn.com/abstract=2244511 or http://dx.doi.org/10.2139/ssrn.2244511