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Yvonne Huber et al,

As you author the regulations regarding short selling please consider the following.

1). The shift in technology with digital ledgers (e.g. Ethereum as an enabling technology -I'm not referring to coins) enables fast stock transactions with 100% transparency. Third parties will emerge who summarize all the long and short positions on shares in real time. Any regulations must anticipate this change.

2). Europe is moving to improve their settlement discipline with CSDR. Knowing that a real share is bought is fundamental to the trust in the markets. Knowing that a bubble can be created between buying and selling to create liquidity through temporary shorting seems like a good idea but there are too many conflicts of interest in the current market structure. The noise being made around the GameStop saga right now is huge. Lose the trust, lose the markets.

Aligning with European regulations to the extent possible will ensure that the playing field is uniform if not completely level.

Settlement discipline aligns with the point above.

3). Market solutions may emerge that fragment the market. I anticipate that digital ledgers (if they emerge) will become a haven for companies struggling to turn around their businesses. They will withdraw from the DTCC and move their stocks onto the digital ledgers. Why? They cannot be naked shorted per the design of the platform. Derivatives could be created of course but the economic pressure of participating in a market that unable to do naked shorting will shield those companies from non-shareholder pressures.

Thousands of companies will move to the Umbrella markets that protect them. Good companies that can turn around will be successful. Poor companies that should die will continue to consume capital and reduce market efficiency.

The SEC is at a watershed moment. The reputation of US markets and US Market Makers are in tatters. Without a functioning stock market with the full faith and trust of the participants efficiency in America will drop and we will have slower economic growth.

Regulation by litigation is insufficient to repair the patchwork. Disruptive technology is coming. Strong, clear regulation around settlement, transparency, fairness, timeliness, liquidity and trust are required.

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