

**From:** [Shaun Smith](#)  
**To:** [Comments, Public](#)  
**Subject:** short sale reporting program  
**Date:** Wednesday, July 7, 2021 8:29:24 PM

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Regarding: [https://www.finra.org/rules-guidance/notices/21-19?utm\\_source=MM&utm\\_medium=email&utm\\_campaign=O%5FWeekly%5FUpdate%5F070721%5FFINAL#notice](https://www.finra.org/rules-guidance/notices/21-19?utm_source=MM&utm_medium=email&utm_campaign=O%5FWeekly%5FUpdate%5F070721%5FFINAL#notice)

To Whom it May Concern,

In response to your Regulatory Notice 21-19 linked above, I am writing with recommendations for FINRA's consideration with respect to its short sale reporting program.

First, I would like to recommend that FTDs are enforced with highly prohibitive fines and/or criminal prosecution. Fines at present are far too low, allowing funds to deliberately absorb those fines rather than covering their more costly short positions. There is inadequate accountability around FTDs.

Secondly, a mechanism needs to be instituted to police market manipulation through naked shorting and synthetic shares so that the practice is policed and acted upon immediately as the criminal activity that it is.

Thirdly, all funds should be required to report daily what their entire short position is, and margin calls should be triggered automatically without the opportunity for human interference at the open and close of every trading session.

Finally, FINRA should require and enforce in a meaningful and prohibitive manner complete transparency on short selling through dark pools.

All of these practices by funds combined with inadequate countermeasures and weak enforcement threaten to seriously undermine investor faith in the capital markets.

Thank you for your consideration.

Regards,  
Shaun Smith