

**From:** Todd Felte  
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**To:** Comments, Public  
**Subject:** Comments on Regulatory Notice 21-19 Involving shortselling

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This message is in response to the following request for comment on Regulatory Notice 21-19: "FINRA Request Comment on Short Interest Position Reporting Enhancements and Other Changes Related to Short Sale Reporting".

I would like to first say that I completely understand and support the need for "legitimate" short selling in financial markets. They provide a necessary check and balance to our free market system. They can be tool in exposing fraud or wrongdoing or a hedge for people who wish to protect themselves from market pullbacks along with many other uses.

However, shortselling has gotten out of control. Lack of regulations and enforcement of current regulations are damaging great public companies and the market in general. Here are a few of my bullet points regarding how shortselling has gotten out of control:

1. If you are long a stock, you must make 13D or 13G filings if you own over 5% of a company. Why are shorts not required to make similar filings if they are short 5% of a company or more? Shouldnt they be held to the same standards of those who are on the "long" side.
2. As we saw in market activity in various stocks in early 2021, how can over 100% of a company's float be short? Why are "shorters" allowed to borrow "phantom shares" in order to short. Better oversight of clearing firms, market makers, and those wishing to short securities needs to occur
3. Why are rules involving the shorting of stocks under \$5 or "penny stocks" not strictly enforced? These small companies are often the cornerstone and lifeline to new products and technologies that keep America ahead of the world in innovation. Their share price is frequently a lifeline to additional funds/capital. Many of these shorters attack these small companies because they do not have the power to resist them. What is even more unscrupulous is that the same parties shorting the stock, after decimating a company's share price, often offer "deathspiral financing" where they get stock at pennies on the dollar to cover their short and still leave the company in a position to fail. This decimates and massively dilutes other shareholders and makes them less likely to fund the companies that are developing the previously mentioned products and technologies of the future.
4. Why are shortselling groups allowed to openly collude and manipulate stock prices? On the "long " side, it is illegal to buy up a stock and then put out a research report on it. Why are groups of shorters allowed to take massive short positions and then put

out various "hit pieces" disparaging the company they are short, often making statements that are not factually true?

These are just a few of my concerns that I have noticed in 25+ years in the business. I have seen many companies with quality ideas, products and/or technologies that could have truly made the world a better place ruined by shortsellers before they had a chance to shine.

Thank you for your time in reading my comments,

Todd

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