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VIA EMAIL

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Re: Proposed Amendments to Short Selling Rules

I was a broker from 1985 to 2020 and specialized in resource venture capital and taking companies public.

In your Executive Summary there were only 23 comments in your last inquiry and 99% of the public would not even understand what you are asking unless they worked at a brokerage firm in the compliance department or back office. At one time I was an original shareholder of the TSX. When Standard and Poor's took over in 2002 they preached more transparency over and over and once they got control, it became the exact opposite. For years, the banks have been fleecing the public while all the regulators watch and pretend, they don't understand the problem. The only response we seem to hear has been "it is better for market liquidity" while our markets continue to get crushed by short sellers. Canada has become the go to market in the world for those who want to short companies and everyone knows that except the regulators. Rather than copying other countries and making minor changes, we need to just go back to the original rules that we had prior 2012. One simple amendment would be to bring back the uptick rule. Another is to get rid of all the other exchanges. Instead of having just one exchange trying to make a profit, today you have another 12 trying to make profit and it is all at the expense of retail investors who you are supposed to be protecting. Hypocrisy at its best.

In my experience it's clear that there are now two sets of rules. One set for retail clients and another set of rules for the banks and other exchanges to rip off the retail client. Around 2016 I met with the head of IIROC, Market Regulations, and the TSX Venture Exchange to explain the problems Canadian venture capital markets were facing and suggested to get rid of algorithms that manipulate the market to the benefit of the short sellers. Why don't we just have one Exchange? Today they can hide their

orders between the bid and the ask, trade with different increments, not show their volume on all exchanges, front run, up or down tick a market closing price a split second before closing etc. If a retail stockbroker did what these exchanges allow high frequency traders to do, the broker would lose their license. At that meeting, everyone just rolled their eyes at me. Here we are after 9 years later, our intermediate and junior markets have been crushed, and very little money is being raised for these small companies. If funds are raised, they are being raised at very low valuations diluting the retail shareholders you pretend to protect. How are algorithms allowed on these other exchanges with a different set of rules, that the public is unaware of, not benefiting the retail investor, public companies or investment in our nation.

Answers to your questions.

- 1 All other exchanges should be regulated by CIRO under the same rules as the Venture Exchange and the TSE.
- 2 Shorts should be tracked to make sure they are complying to the rules.
- 3 Close out short transactions T+1 same is long transactions.
- 4 There should be no failed trades. If it fails, they should have to buy back at a premium that day as was the rule in the past. What is the point to give priority to short sellers. They are not helping to build companies in Canada.
- 5 Get rid of the other exchanges which would free up personnel to concentrate on making sure everyone is compliant.
- 6 Reintroduce the old rules that worked well. Execute the trades in the market at a premium to make visible and transparent. It is important to send a message to all short sellers and to bring back confidence to the general investing public that rules and regulations are being followed.
- 7 Show the marker on all trades. This makes it transparent to the regulators, the public and all firms. Brokerage firms are less likely to omit shorts if they must make it public.
- 8 Keep everything straight forward and transparent.
- 9 If you don't make it complicated, there should not be challenges with the reporting. Everything must be transparent to everyone.
- 10 Again, make sure everything is transparent when following the proposed framework.
- 11 No exceptions, No excuses.
- 12 Restrict short selling all together.
- 13 Consolidate.
- 14 Re introduce the Uptick rule. Allowing short selling on a downtick is where major problems started and should have been front and center in your proposed changes. This is what the public, investment advisers and public company executives have been asking now for years.

This should have been addressed long ago? I have gone through 5 bull markets in precious metals since the late 1970's. Every time precious metals moved more than 25%-30%, a bull market began and lasted for several years. The uptick rule was eliminated, other exchanges were introduced, and algorithms trade with their own set of rules. This has catered to short sellers that have destroyed the Canadian Equity Market for small and mid-cap companies, especially in the resource sector. As an example, gold has rallied since the 2012-13 bear market from a low of around \$1,100 per ounce to a high of almost \$3,200 or almost 200% yet there was no bull market. There should have been a bull market in 2019 when gold moved to almost \$2,000 and another when gold broke out in the fall of 2023 and ran to almost \$3,200. The Canadian resource market is dead while other resource markets in other countries such as Australia have done well during these periods. For short sellers around the world, Canada is the place to operate because regulators changed the rules to suit them. Short sellers are killing the Canadian markets and the ability for our public companies to raise funds at fair value. What little money that has been raised by small companies has been raised at deep discounts, diluting shareholders to the point where they are exiting the Canadian markets in favor of investments in other countries. This includes Canadian Pension Funds that are now reluctant to invest in their own country.

Get rid of the algorithms and other exchanges unless they are required to follow all the same rules as retail investors. You can't have two sets of rules, one for retail investors and one for short sellers and the investment banking arms of larger brokerage firms that provide the platforms for the short sellers including naked shorts. Currently if a share price is bid \$1.50 and offered at \$1.55, the other exchanges can allow trading between the bid and the offer without showing those bids or offers or even that the trades are executed. The total volume of shares traded does not show up in a consolidated manner unless you have a sophisticated quote system. Those systems will give you all the information however retail investors do not have these and can't afford too unless they are professional traders. Even then, some trades are not disclosed. I made a trade yesterday and the volume did not show anywhere that I could see it. WHERE IS THE TRANSPERANCY FOR THE INVESTING PUBLIC. THE BANKS, THROUGH THEIR TRADING DESKS ARE UNFAIRLY TAKING ADVANTAGE OF THE PUBLIC WHILE THE REGULATORS WATCH. IF A RETAIL BROKER DID WHAT THEY DO, THE BROKER WOULD LOSE THEIR LICENCE. YOU CAN'T HAVE TWO SETS OF RULES. All I ever read about the reason it's permitted is it provides better liquidity. The benefit is to short sellers or investment bankers getting off positions without the public being aware. Investment banks only let retail investors participate if they need to sell off a position. Bankers front run retail clients by using invisible bids and offers in the markets that the public can't see. They are just fleecing the lamb and the reason everyone is getting out of Canadian markets. Everyone just keeps losing money.

Get rid of the following.

Eliminate Algorithms which just front run actual retail orders. They force retail investors to pay more while you buy or sell or cancel their orders when you try to execute an order at their price. Firms tell you all retail orders have to go through a router to get the best price that gives the algorithms time to cancel their orders big or small if they don't really want to sell making it a false market. I once instructed a retail broker to enter a trade on one of these other exchanges where you can't see the bid and the next

trade near the end of the trading day was executed below my bid. When we asked the trader why it was not filled, he had no answer. Where is the fairness. They groom the market for shorts . This is criminal.

Disallow other Exchanges. All trading should be on the Venture Exchange and TSE. There is no purpose of these other platforms other than for ripping off the retail investor. There is no transparency when they trade.

Eliminate Sell on Close to eliminate short sellers that would do a trade after the market close to show the share price down on the day rather than up on the actual last trade at the end of the trading day.

Everyone should have to execute trades with the same incremental prices. The changes only benefit the other Exchanges and algorithms.

No short selling unless a company has at least a 1-billion-dollar market cap. Currently companies that have no revenue and must raise capital on a continuous basis to advance their project to production are getting killed by short sellers that know a financing will be coming. These are predatory financings that just lower the valuation and invite other short sellers, compounding the problem of low valuations. (markers shown in the market would help with this problem) Because of short selling, Canadian junior companies, that have good assets, trade at pennies, and end up diluting retail shareholders to the extent that no one will finance them. Even though value is being created, the floats become so large that it is becomes impossible to move the price up. Instead, the price of the shares keeps dropping and this is the main reason investors are exiting the Canadian small cap public companies. No one is getting a return on their investment on most Canadian growth companies. As a result, you get more trading at pennies instead of dollars. This does not benefit anyone except those collecting trading fees from the Exchange.

Ban brokerage firms from collecting fees by borrowing shares to short sellers. This has become a new profit center for brokerage firms in the last 15 years. Brokerage firms must make their mind up whether they are here to benefit all Canadians by building up our economy by providing funding to our new companies or destroying our country by enabling short sellers around the world to kill our up and coming companies. The stock market once built our country.

WE NEED FAIR MARKETS WIITH MAXIUM TRANSPARENCY.

15 If the above is implemented, I would agree to the changes.

16 If rules that everyone understands are implemented, 3 months would be plenty of time. There was no consulting retail or transparency with the public when the short new rules came into effect. They were tailored to the investment bankers and their trading arms. We must protect all our shareholders. That is what our regulators must do to make our country great and provide jobs for everyone.

Thank you for your consideration,

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