

Hi,

I keep being highly disappointed on how easily manipulation can enter the market, and how little is done to prevent it from happening, or to punish its occurrence at a level that would significantly curtail its occurrence.

Counterfeit shares should be punished as readily as counterfeit money.

Prime in my concern is short selling and fails-to-deliver. These two "features" of the market, in my opinion, should be completely eradicated. A share's value should only be influenced by those seeking to buy shares, and those seeking to sell shares that they already own.

Anything else should be considered as some form of market manipulation, and removed entirely from influencing share prices.

To clarify, I have no issues with investors seeking to bet against a company or to hedge against potential losses. "Negative" positions can exist, but they should exist entirely outside of the market proper, unable to directly influence share prices. Options already exist for this purpose, providing a way to hedge losses through selling calls or buying puts. Moreover, contract-for-difference and swaps also exist allowing market participants many different ways to hedge their positions.

Note that the important feature here is that options, swaps, and contract-for-difference do not directly affect share prices. Option sellers will often hedge their positions by buying or selling shares, which would be ok if they would only be allowed to do so with real share trades. Likewise, contract-for-difference do not affect share prices because these are contracts made outside of the market.

To me, short-selling should be abolished for the same reasons that a Ponzi scheme is illegal: it allows an entity to take investors' money without actually providing shares in return. It allows entities to accrue potentially unlimited risk that may easily exceed their ability to repay at a later time. Thus my concern isn't just against dilution of the stocks' value, but also accrued risks to the system that may well end up as a cost to everyone in the form of crashes.

I now see other countries pushing forward bans or heavy restrictions against short selling. Right now is the time for Canada to get involved in this fight.

Thank you, and I hope you will take the right approach to protect investors and companies against predatory practices that put our economy and our companies at risk.