

Title: Datamining the SEC comments for Prohibition Against Fraud, Manipulation, or Deception in Connection with Security-Based Swaps; Prohibition against Undue Influence over Chief Compliance Officers; Position Reporting of Large Security-Based Swap Positions

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Intro

The SEC has recently allowed public comments to be made for their proposed rule change, the Prohibition Against Fraud, Manipulation, or Deception in Connection with Security-Based Swaps; Prohibition against Undue Influence over Chief Compliance Officers; Position Reporting of Large Security-Based Swap Positions. The SEC clearly doesn't put any of it's budget towards giving its rule changes piffy names, so I'm going to call it PAFMoDiCwSBSPaUloCCOPRoLSBSP for short. You can find the proposed rule change on the SEC website in it's entirety [here](<https://www.sec.gov/rules/proposed/2021/34-93784.pdf>).

PAFMoDiCwSBSPaUloCCOPRoLSBSP has had a few writeups on this forum (please see [here](https://www.reddit.com/r/Superstonk/comments/sk1hyd/only_viewed_133_times_todaythis_document_is/?utm_source=share&utm_medium=web2x&context=3) for the original post on SuperStronk by [u/Left-Anxiety-3580](<https://www.reddit.com/user/Left-Anxiety-3580>) and [here](https://www.reddit.com/r/Superstonk/comments/skaxc8/like_an_idiot_i_posted_this_while_everyone_was/) for an excellent primer by [u/Klone211](<https://www.reddit.com/user/Klone211/>), and equally excellent rundown on the comments by [u/mollila](<https://www.reddit.com/user/mollila/>) [here](https://www.reddit.com/r/Superstonk/comments/swagm3/sec_is_inviting_comments_from_everyone_and_they/)) which delve into the specifics of what this rule change means and why it would be relevant to current events.

What is interesting about these proposed rule changes is that they are open to comments from the public until 21st March 2022, to allow those of us outside the SEC to make our thoughts known. Comments made to the SEC regarding this rule are available to the public on their website [here](<https://www.sec.gov/comments/s7-32-10/s73210.htm>).

Now I can't comment on how relevant or useful these comments are due to having a brain so smooth its borderline spherical, but someone who probably can is the former SEC branch chief Lisa Braganca, who posted on twitter her thoughts regarding the submission of comments (see [here](https://www.reddit.com/r/Superstonk/comments/swc0cy/tips_for_submitting_sec_proposal_comments_from/) for a post discussing this). Now she seems to put some weight behind comments made to the SEC, so this begs the question: what do these comments tell us?

What do these comments tell us?

As smooth as my brain is with rules and legal speak, it is deeply wrinkled like a geriatric prune in a sauna when it comes to data. So i took the liberty of scraping the SEC website for comments on PAFMoDiCwSBSPaUloCCOPRoLSBSP and compiled the information into a somewhat usable format.

Below is the total number of available comments made since 1/22 on the website plotted against time.

<https://preview.redd.it/ostjs1buxkj81.png?width=829&format=png&auto=webp&s=da9be19d414ca2a2f46a44fa65471e9073565a09>

We have had around 1,180 comments made on this one rule change. For reference, i spot checked a few other rules to get an idea on how many comments are usually posted for a rule change, this one beats them by a country mile.

Important to note here is that i do not think this is the total number of comments. [This post](https://www.reddit.com/r/Superstonk/comments/swagm3/sec_is_inviting_comments_from_everyone_and_they/) (credit to [u/mollila](<https://www.reddit.com/user/mollila/>)) informs us that comments are aggregated around similar themes, so while 100 comments may be made, only 1 may be posted to represent them all. In the

linked post it is mentioned that a running total of comments is made, i couldn't find it on the page html. If someone can direct me towards this I harvest this to get a truer representation of the total comments posted, and a better representation of the sentiment on comments made.

Further to this thought, we have not seen any more comments added since 16th Feb. Now i don;t think they have stopped receiving comments, so it could be that all comments are posted in big batches, or if all comments are being aggregated under the method mentioned above. I'm going to keep looking at this site to see what happens as days go by.

Now while volumes of comments are all well and good, we want to analyze the comments themselves to get a real idea on what people are saying. To do this, I've done some simple key word searches across the comments themselves to see if there are any prevailing themes across the messages. Note that some of the comments wouldn't be scanned by my scraper as they are saved by pdf or other weird reasons, in total i have been able to read 11,31 out of the 1,180 odd comments).

Now it is important to note here that due to how keyword searches work we will not get a 100% clear answer on what people are saying. Conflicting comments will use the same keywords, and so can cause false leads. For instance, searching for the keyword "fine" will cause a hit for both "This rule is useful if the punishment is more than a fine" and "This rule isn't needed because everything is fine and there is no crime signed Kenny G". The best we can with this is consider the data en masse, pick our keywords carefully and make our judgements appropriately.

With that said, here are the results using keywords I've picked:

<https://preview.redd.it/az9utzahxkj81.png?width=357&format;=png&auto;=webp&s;=35e5c1bcf52f117eb6157c42078ac414655b3c3f>

Or to represent it graphically:

<https://preview.redd.it/nl61yawexkj81.png?width=917&format;=png&auto;=webp&s;=dbc9fc3249c53611d8408882b0395b45c1564a5a>

Some interesting things to see here. First is how commonly retail is mentioned, on over half of all submitted comments which we would expect. Retail are by far the most numerous group, and are likely to state they are retail when commenting.

Also of note are the 19.5% international comments made. I determined an international comment as one stating it was international, or mentioning a country or a person from said country (for instance, "South Korea" or "Vietnamese" respectfully). This is a pretty whopping percentage, 1 in 5 comments being from outside the US! really highlights that there is some international pressure here and pushes the SEC towards action.

Many comments reference some sort of punitive measure, likely in reference to the SEC's previous habits of piss weak enforcement. Cost of doing business as a phrase hit 10%, which is pretty fucking high for a phrase.

An interesting one here is the Keyword "http". This implies a link was sent to the SEC. Its been stated that the SEC reads and considers all submitted comments, so i wonder if they will take a break from their busy porn schedule to follow the links provided? If so, they would find themselves reading the [SuperStronk FAQ](https://www.reddit.com/r/Superstonk/comments/rfhehn/superstonk_moass_faq_v20), [The puzzle of quarterly movements](https://www.reddit.com/r/Superstonk/comments/pb22oj/the_puzzle_pieces_of_quarterly_movements_equity/?utm_medium=android_apputm_source=share) and [Where are the Shares](https://www.reddit.com/r/Superstonk/comments/nt8ot8/rip_uleaveameanon_where_are_the_shares_part_1/), among others.

My Opinion

For me, I think the comments made on the SEC website are important. This is our "official" link to the agency who enforces rules within the market. the SEC can't reference a post made by

u/BackwardzBumFartz on reddit when getting peoples opinions, they need to get sent them through boring legal channels so they can be boringly archived and referenced by boring people.

I'm going to be posting my own comment to the SEC [here](<https://www.sec.gov/cgi-bin/ruling-comments>) where I'm going to try to be as concise and informative and boring as possible, using the posts mentioned at the top of this post as guidelines. Do not take this as a call to action, I am describing my own thoughts and opinions. I urge everyone reading to make their own informed decisions on what to do that is right for them.

Conclusion

So what does this mean? SEC wants comments, and they have received more comments by a factor of around 10 for this one rule compared to the previously submitted rules. The comments made paint a picture of people from around the world who express gratitude towards the proposed change, but have a measure of skepticism to if the changes will have any teeth. These comments imply agreement with the rules, but with a very "time will tell" flavor. And while this isn't directly linked to GME, I sure as fuck can't wait to find out what comes of this.