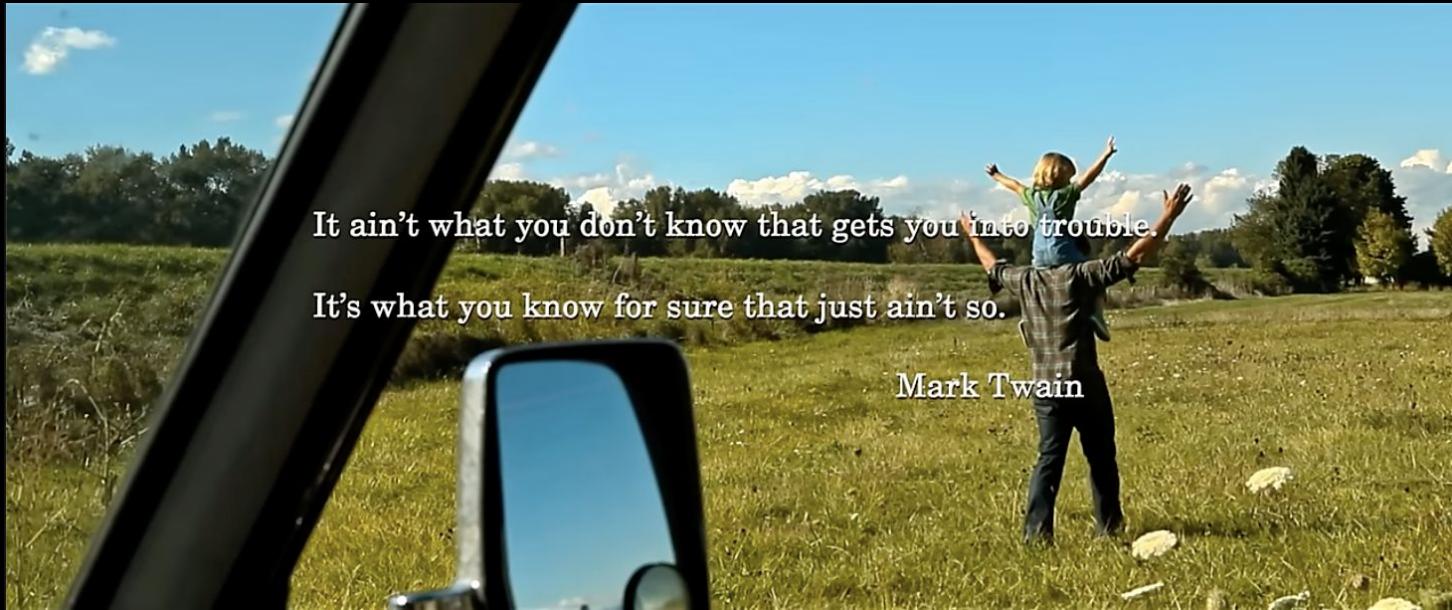


Petition Principles

Fixing Bullshit Market Rules
One Exception At A Time

WhyDRS.org



It ain't what you don't know that gets you into trouble.

It's what you know for sure that just ain't so.

Mark Twain

THE BIG SHORT

GameStop[®]

While the whole world was having a big ol' party, **a few outsiders and weirdos saw what no one else could.**

These outsiders saw **the giant lie** at the heart of the economy.

And they saw it by doing something the rest of the suckers never thought to do: ... **they looked.**



RULES & REGULATIONS

Rulemaking Activity

Statutes and Regulations

Staff Guidance

No Action, Interpretive and
Exemptive LettersCommission Orders and
Notices

Shareholder Proposals

Self-Regulatory
Organization Rulemaking

Policy Statements

Petitions for Rulemaking

Fee Rate Advisors

Public Company Accounting
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Exchange Delistings

How to Submit a Comment

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Petitions for Rulemaking Submitted to the SEC

Any person may request that the Commission issue, amend or repeal a rule of general application. Petitions must be filed with the Secretary of the Commission. Petitions may be submitted via electronic mail to Secretarys-Office@SEC.GOV (preferred method) or via physical mail at 100 F. Street NE, Washington, D.C. 20549-1090. To help us process your petition more efficiently, please use only one method.

1 Petitions must contain the text or substance of any proposed rule or amendment or specify the rule or portion of a rule requested to be repealed. Persons submitting petitions must also include a statement of their interest and/or reasons for requesting Commission action.

All petitions will be forwarded to the appropriate division or office of the Commission for consideration and recommendation. Following submission of the staff's recommendation to the Commission, petitioners will be notified of any action taken by the Commission.

For additional information please refer to the Commission's Rules of Practice, [Rule 192 \(17 CFR 201.192\)](#).

Note: Rulemaking petitions are made available to the public after processing. Do not include personal identifiable information in submissions; submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

File Number	Date	Details
4-866	Aug. 11, 2025	Petition for rulemaking to modernize FINRA Rule 4210 the Pattern Day Trading rule  Submitted By: Jesus Devesa
4-865	Aug. 13, 2025	Petition for rulemaking to Close Loopholes Abused for Naked Shorting  Submitted By: Various Persons



Defend
Against Shit Proposals

Fight
For Fairer Markets

Gatekeeper
SEC decides which Proposed Rule Changes move forward



Keep It Stupidly Simple

FOCUS

One battle at a time

Challenging Wall St & Status Quo

Undeniable Problem

Simple ELI5 & ELIA

First, “Two” Steps

1. Find A Shitty Rule (Exemptions Easy)

  Citations & References

  “Exceptions”, “exemptions”, “___ shall not apply”,
“Provided, however, ___”, etc...

This is the hardest part...

Eyes glossing over? You’re in the right place!

2. Fix That Shit

  the rule. *How would you rewrite the rule?*

 Delete the exceptions & exemptions

 Penalty? Change it!

Remember: FOCUS & KISS

Simple edits are easier to push through!

Writing A SEC Petition! [[Template](#)]

Two Requirements

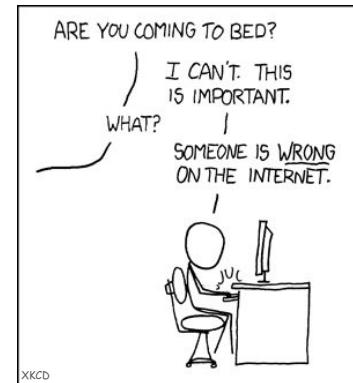
1) What do you want to change?

YOUR ~~REDLINE~~ CHANGES



2) Why does this matter to you?

COMPELLING REASONS



No requirements on formality or language!

It helps to use industry terminology...

Writing A SEC Petition! [Template]

Two Requirements: TODO

1) What do you want to change?

- Your **Redline** Changes
- Use **[INSERTION]** and **--DELETION--** marks

2) Why does this matter to you?

- What is the **[undeniable]** problem?
 - Evidence of the problem
 - Current rule creates/allows the problem
- Proposed change fixes the problem
- Why is this better for investors / EVERYONE?

Template Structure

Put The Pieces Together

1. What is the **[undeniable]** problem?
 - Evidence of the problem
 - Current rule creates/allows the problem
2. Proposed ~~REDLINE~~ change(s) fix the problem
3. (Optional) Rebutting Prior Arguments
4. Closing Remarks (Why is this better?)

Data, Quotes & Citations

- Source Matters:
SEC (**BEST:** Quote & use their words against them!)
Federal Reserve
SRO (DTC/DTCC/NSCC/OCC/...)
Federal Agencies
Research Papers (**Good**)
- Search for when the Rule was adopted and/or changed
 - What did the SEC & Commenters say?
 -   Facts & Reasons
 -   Rules, Regulations & Laws

Explain how the current rule creates or allows the undeniable problem.

Template Structure

Put The Pieces Together

1. What is the **undeniable** problem?
 - o Evidence of the problem
 - o Current rule contributes to the problem
2. Proposed **REDLINE** change(s) fix the problem
3. (Optional) Rebutting Prior Arguments
4. Closing Remarks (Why is this better?)



Propose **REDLINE** changes

- Think: old school markup with a typewriter.
- Lowest Common Denominator Format: B/W copies
- Use **[INSERTION]** and **--DELETION--** marks

Rule 66

(a) GME go up or down [.] --,

(b) ~~Except for any day ending in Y, and~~

(c) ~~Except when trading sideways.~~ --

🧩 Template Structure

Put The Pieces Together

1. What is the **undeniable** problem?
 - Evidence of the problem
 - Current rule contributes to the problem
2. Proposed **REDLINE** change(s) fix the problem
3. (Optional) Rebutting Prior Arguments
4. Closing Remarks (Why is this better?)

“But nobody could’ve known that was a bad idea!”

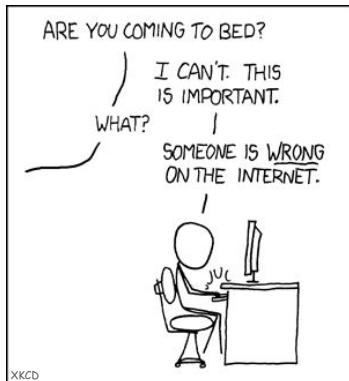


- Why was this adopted & why was that stupid?
- What did supporters say *vs* what actually happened?
- Data, Quotes & Citations
- Examples - *ELI5* & *KISS*
-

🧩 Template Structure

Put The Pieces Together

1. What is the **undeniable** problem?
 - o Evidence of the problem
 - o Current rule contributes to the problem
2. Proposed ~~REDLINE~~ change(s) fix the problem
3. (Optional) Rebutting Prior Arguments
4. Closing Remarks (Why is this better?)



🏁 Conclusion

- [SEC Mission](#)
Protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation.
-
- One Line Summary
- If focusing on eliminating exceptions,
These proposed amendments do not change any of the sound underlying principles upon which the rules are based. Instead, these proposed amendments **eliminate exceptions so that the sound underlying rules are applied fairly and equally to all parties with uniform delivery requirements for all long sales.**
-



Where To Write?

Individual

- Microsoft Word (Windows)
- Pages (Mac)
- Google Docs

Collaborative

- GitHub
- Google Docs
- Microsoft Word
- Pages
-



Where To Look?

Name	For	Reference	Note(s)
RegSHO	Regulation SHO - Regulation of Short Sales	17 CFR 242.200 – 204	REGULATION SHO—REGULATION OF SHORT SALES (§§ 242.200 - 242.204) § 242.200 Definition of “short sale” and marking requirements. § 242.201 Circuit breaker. § 242.203 Borrowing and delivery requirements. § 242.204 Close-out requirement.
Rule 203	Borrowing and delivery requirements	17 CFR § 242.203	203(a) - Long sales 203(b) - Short sales
Rule 204	Close-out requirement	17 CFR § 242.204	204(a)(2) - C35 Settlement
Rule 15c3	OTC Markets Customer protection - reserves and custody of securities	17 CFR § 240.15c3	15c3
Rule 10b-5 (Wikipedia)	Securities Exchange Act of 1934 (“Exchange Act”) Authorizes the SEC to regulate fraud and deception	17 CFR § 240.10b-5	
Rule 10b-21	Securities Exchange Act of 1934 (“Exchange Act”) General rule against selling and lying about delivering	17 CFR § 240.10b-21	

§ 242.203 Borrowing and delivery requirements.

(a) Long sales.

(1) If a broker or dealer knows or has reasonable grounds to believe that the sale of an equity security was or will be effected pursuant to an order marked "long," such broker or dealer shall not lend or arrange for the loan of any security for delivery to the purchaser's broker after the sale, or fail to deliver a security on the date delivery is due.

(2) The provisions of paragraph (a)(1) of this section shall not apply:

Exceptions!

(I) To the loan of any security by a broker or dealer through the medium of a loan to another broker or dealer;

(II) If the broker or dealer knows, or has been reasonably informed by the seller, that the seller owns the security, and that the seller would deliver the security to the broker or dealer prior to the scheduled settlement of the transaction, but the seller failed to do so; or

(III) If, prior to any loan or arrangement to loan any security for delivery, or failure to deliver, a national securities exchange, in the case of a sale effected thereon, or a national securities association, in the case of a sale not effected on an exchange, finds:

(A) That such sale resulted from a mistake made in good faith;

(B) That due diligence was used to ascertain that the circumstances specified in § 242.200(g) existed; and

(C) Either that the condition of the market at the time the mistake was discovered was such that undue hardship would result from covering the transaction by a "purchase for cash" or that the mistake was made by the seller's broker and the sale was at a permissible price under any applicable short sale price test.

17 CFR § 240.15c3-3 - reserves and custody of securities

(m) **Completion of sell orders on behalf of customers.** If a broker or dealer executes a sell order of a customer (other than an order to execute a sale of securities which the seller does not own) and if for any reason whatever the broker or dealer has not obtained possession of the securities from the customer within 10 business days after the settlement date, the broker or dealer shall immediately thereafter close the transaction with the customer by purchasing securities of like kind and quantity:

Provided, however, The term *customer* for the purpose of this paragraph (m) shall not include a broker or dealer who maintains an omnibus credit account with another broker or dealer in compliance with section 7(f) of Regulation T (12 CFR 220.7(f)).

Exception!



Examples

§ 242.203 Borrowing and delivery requirements.

(b) Short sales.

- (1) A broker or dealer may not accept a short sale order in an equity security from another person, or effect a short sale in an equity security for its own account, unless the broker or dealer has:
 - (I) Borrowed the security, or entered into a bona-fide arrangement to borrow the security; or
 - (II) Reasonable grounds to believe that the security can be borrowed so that it can be delivered on the date delivery is due; and
 - (III) Documented compliance with this paragraph (b)(1).

(2) The provisions of paragraph (b)(1) of this section shall not apply to:

- (I) A broker or dealer that has accepted a short sale order from another registered broker or dealer that is required to comply with paragraph (b)(1) of this section, unless the broker or dealer relying on this exception contractually undertook responsibility for compliance with paragraph (b)(1) of this section;

(II) Any sale of a security that a person is deemed to own pursuant to § 242.200, provided that the broker or dealer has been reasonably informed that the person intends to deliver such security as soon as all restrictions on delivery have been removed. If the person has not delivered such security within 35 days after the trade date, the broker-dealer that effected the sale must borrow securities or close out the short position by purchasing securities of like kind and quantity;

(III) Short sales effected by a market maker in connection with bona-fide market making activities in the security for which this exception is claimed; and

(IV) Transactions in security futures.

(3) If a participant of a registered clearing agency has a fail to deliver position at a registered clearing agency in a threshold security for thirteen consecutive settlement days, the participant shall immediately thereafter close out the fail to deliver position by purchasing securities of like kind and quantity.

(I) Provided, however, that a participant of a registered clearing agency that has a fail to deliver position at a registered clearing agency in a threshold security on the effective date of this amendment at which time the participant had been previously exempted from the close-out requirement in this paragraph (b)(3), but prior to the effective date of this amendment, had a fail to deliver position at a registered clearing agency on the settlement day preceding the day that the security became a threshold security, shall close out that fail to deliver position within thirty-five consecutive settlement days of the effective date of this amendment by purchasing securities of like kind and quantity;

(II) Provided, however, that if a participant of a registered clearing agency has a fail to deliver position at a registered clearing agency in a threshold security that was sold pursuant to § 230.144 of this chapter for thirty-five consecutive settlement days, the participant shall immediately thereafter close out the fail to deliver position in the security by purchasing securities of like kind and quantity;

(III) Provided, however, that a participant of a registered clearing agency that has a fail to deliver position at a registered clearing agency in a threshold security on the effective date of this amendment and which, prior to the effective date of this amendment, had been previously exempted from the close-out requirement in paragraph (b)(3) of this section (i.e., because the participant of a registered clearing agency had a fail to deliver position in the threshold security that is attributed to short sales effected by a registered options market maker to establish or maintain a hedge position, or before the security became a threshold security), shall immediately thereafter close out that fail to deliver position, including any adjustments to the fail to deliver position, within 35 consecutive settlement days of the effective date of this amendment by purchasing securities of like kind and quantity;

(IV) If a participant of a registered clearing agency has a fail to deliver position at a registered clearing agency in a threshold security for thirteen consecutive settlement days, the participant and any broker or dealer for which it clears transactions, including any market maker that would otherwise be entitled to rely on the exception provided in paragraph (b)(2)(ii) of this section, that would otherwise be entitled to rely on the exception provided in paragraph (b)(2)(iii) of this section, must accept a short sale order in the threshold security from another person, or effect a short sale in the threshold security for its own account, without borrowing the security or entering into a bona-fide arrangement to borrow the security, until the participant closes out the fail to deliver position by purchasing securities of like kind and quantity;

(V) If a participant of a registered clearing agency entitled to rely on the 35 consecutive settlement day close-out requirement contained in paragraph (b)(3)(i), (b)(3)(ii), or (b)(3)(iii) of this section has a fail to deliver position at a registered clearing agency in the threshold security for 35 consecutive settlement days, the participant and any broker or dealer for which it clears transactions, including any market maker that would otherwise be entitled to rely on the exception provided in paragraph (b)(2)(iii) of this section, must accept a short sale order in the threshold security from another person, or effect a short sale in the threshold security for its own account, without borrowing the security or entering into a bona-fide arrangement to borrow the security, until the participant closes out the fail to deliver position by purchasing securities of like kind and quantity;

(VI) If a participant of a registered clearing agency reasonably allocates a portion of a fail to deliver position to another registered broker or dealer for which it clears trades or for which it is responsible for settlement, based on such broker or dealer's short position, then the provisions of paragraph (b)(3) relating to such fail to deliver position shall apply to the portion of such registered broker or dealer that was allocated the fail to deliver position, and not to the participant; and

(VII) A participant of a registered clearing agency shall not be deemed to have fulfilled the requirements of this paragraph (b)(3) where the participant enters into an arrangement with another person to purchase securities as required by this paragraph (b)(3), and the participant knows or has reason to know that the other person will not deliver securities in settlement of the purchase.

(b) Short sales.

(1) A broker or dealer may not accept a short sale order in an equity security from another person, or effect a short sale in an equity security for its own account, unless the broker or dealer has:

- (I) Borrowed the security, or entered into a bona-fide arrangement to borrow the security; or
- (II) Reasonable grounds to believe that the security can be borrowed so that it can be delivered on the date delivery is due; and
- (III) Documented compliance with this paragraph (b)(1).

(2) The provisions of paragraph (b)(1) of this section shall not apply to:

(I) A broker or dealer that has accepted a short sale order from another registered broker or dealer that is required to comply with paragraph (b)(1) of this section, unless the broker or dealer relying on this exception contractually undertook responsibility for compliance with paragraph (b)(1) of this section;

(II) Any sale of a security that a person is deemed to own pursuant to § 242.200, provided that the broker or dealer has been reasonably informed that the person intends to deliver such security as soon as all restrictions on delivery have been removed. If the person has not delivered such security within 35 days after the trade date, the broker-dealer that effected the sale must borrow securities or close out the short position by purchasing securities of like kind and quantity;

(III) Short sales effected by a market maker in connection with bona-fide market making activities in the security for which this exception is claimed; and

(IV) Transactions in security futures.

OR?? Why OR?

Exceptions!

Another "Seller Lied"
Exception???
(Not quite...)

Long dated far out
Deep ITM Puts?

Borrow or Close within C35

"Bona Fide" Market Making
Exception



Examples