



The Vertical Group

Member FINRA • SIPC

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

**RE: Comments to Securities Exchange Act Release No. 60999
File No. SR-FINRA-2009-077**

Dear Ms. Murphy:

The Vertical Trading Group would like to submit the following comments on the proposal by FINRA to create a Quotation Consolidation Facility (“QCF”) that would serve to consolidate and disseminate quote data in the OTC equity market (the “QCF Proposal”).

To begin, the OCF Proposal would place additional charges to all Broker Dealers involved in OTC Securities. The proposed \$4 quote position fee for all OTC Securities will force Broker Dealers to limit the number of securities in which they post a two-sided quotation. This will serve to reduce the liquidity provided in each security and increase the spread of the quotes that do remain. It is relatively easy to see that an individual customer has a greater opportunity to receive best execution, if more Broker Dealers are quoting the security. By forcing Broker Dealers to remove their quotes, this proposal will in fact reduce the chances of Best Execution for all investors.

Changing the current system will negatively affect market transparency as well. Dark pools of liquidity are currently an issue that is up for debate with many regulatory bodies in NMS stocks, and this platform would push OTC quotes further into these same dark pools. Reducing the transparency of the market for the individual investor just does not make sense as a way to improve best execution.

Part of the explanation of this fee is that firms will benefit from a consolidated NBBO, however that already exists. The PinkSheets gives access to an NBBO as part of their platform, yet FINRA is claiming this as one of the main benefits of their plan. Why should Broker Dealers be forced to pay an extra fee to receive something that is already available to them at a substantially lower rate?



The Vertical Group

Member FINRA • SIPC

This proposal allows FINRA to limit the other quotation options that Broker Dealers have, and forces them to pay the above referenced access fee, which makes this a potential monopoly. This problem is further exacerbated by the fact that this proposal will go so far as to require firms to be part of the OCF NBBO, thereby reducing the need for FINRA to improve the quotation service they are offering. By increasing the cost of the product while keeping the quality the same, this proposal is clearly allowing FINRA to become a monopoly in the Quote Dissemination market and reduce any incentive for them to improve the functionality of the QCF.

As a Broker Dealer that trades predominantly OTC stocks, this proposal greatly limits our options to continue doing business at the lowest possible cost. Furthermore, It has always been our understanding that FINRA's role is to regulate its member Broker Dealers, yet this proposal seems to indicate that FINRA will now be in charge of quote dissemination. By no means should a regulatory body be given ownership of a quote platform and be permitted to require firms to pay for a service that they currently have and in fact are very pleased with.

Thank you.

Sincerely,

Glenn Chaleff