



ThinkEquity LLC

June 8, 2012

SEC Advisory Committee on Small and Emerging Companies

Dear Sir or Madam:

ThinkEquity LLC is an investment bank headquartered in San Francisco with offices in New York, Boston and Chicago, which focuses on the growth sectors of the economy, primarily in technology, clean technology, Life Sciences and the Internet.

In our opinion and more broadly in our discussions with institutional “buy side” accounts, the JOBS Act has created a platform for a revitalization of the IPO market and small capitalization stocks. A clearer path needs to be defined to fully utilize the current Act to create more investment in this space, not only from the Investment Bank perspective but from that of an individual investor or small cap portfolio manager.

Research coverage has become progressively larger capitalization in focus due to the deterioration in the profitability of the “cash equities” business that dates back to the 1997 (Order Handling Rules), 1998 (Reg. ATS) and 2001 (Decimalization).

For purposes of this discussion, quote increments can be one of several items to help revitalize the small cap market place. In discussions with both sides of our business, quote increments or higher tick sizes could be essential to help create more investment and quite frankly enable the recreation of firms like Hambrecht & Quist, Montgomery, Robertson Stephens, and Alex Brown. Firms that were maniacally focused on supporting innovation and supporting small cap stocks from seed financings, all the way through to the IPO process and as small cap public companies.

Quote increments could be 3 cents, 5 cents, 10 cents or maybe even wider based on market cap and average daily volume. I believe a structure of this type would eliminate “day trading” in these names and create a better environment for investment. A structure such as this could be reviewed on an annual basis and adjusted accordingly as a particular company evolves and grows and ideally outgrows the current JOBS Act guidelines. All stocks outside of the S&P 500 should also be considered for wider quote increments to increase legitimacy of displayed liquidity.

Wider quote increments are essential to help revive support for the IPO and small capitalization markets. Without wider quote increments and other initiatives, The JOBS Act will fail to broadly revive the IPO market and job growth. Decimalization created a market that is now geared to the trading of large capitalization stocks but has caused the steady erosion in aftermarket support for small capitalization stocks. We believe that there is an enormous amount of



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“growth equity and growth ability” to create an ideal IPO and job growth revival here in the US markets.

We need to change the following statement, “When is the last time you heard about a company that wanted to go public?” The current environment needs to change so that statement can read “We are excited to access the public markets” instead. Quote increments can be one step to encourage investment in growth and jobs.

Our firm and others are encouraged by the first steps taken by the Jobs Act. Increased Quote increments will help create more investment and thought leadership in the small cap markets. In the past, investment in growth companies has helped our economy flourish and expand. Kindly partner with us to re- establish capital formation and job growth in our economy.

Please feel free to contact me if you would like to discuss any of the above.

Sincerely,

Phil Johnston
Partner, Head of Equities

