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Congress of the United States
House of Representatives

Juan Vargas

51st District, California

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March 27, 2015

The Honorable Mary Jo White
Chair
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Chair White,

I am writing to urge the U.S. Securities and Exchange Commission (SEC) to diligently and thoughtfully proceed with the implementation of the Tick Size Pilot Program ("Pilot") under the Proposed National Market System (NMS) Plan.

Currently in capital markets, small businesses are subject to the same trade requirements as their larger peers. Yet, the needs of these small companies are often quite different. This potential misalignment could be a hindrance to their growth and success and, therefore, warrants further detailed analysis. As such, the implementation by the Commission of a Pilot is warranted in an effort to collect sufficient data for the SEC to evaluate the efficacy of capital markets in providing the essential liquidity for small businesses.

I trust that as the SEC begins implementation of the Pilot, the Commission will utilize its extensive expertise in setting an appropriate duration, process, and size that allows for a robust and detailed analysis. In setting these parameters, I urge the Commission to consider that the necessary evaluation of the trading systems and infrastructure will require significant time and investment. An insufficient duration or ineffective process could hinder the Pilot Program in providing adequate and representative data. One potential example may be the program length. A one year period could deter market participants, diminishing the scope of the measurements gathered, while also potentially subjecting the data collected to distortions caused by short-term market fluctuations. Many experts have instead suggested a three-year trial.

I would also encourage the SEC to fully evaluate the appropriate process and scope of the program to effectively assess how widening the minimum bid-and-offer for small-company stocks may affect the market for these securities. It is important for this Pilot to determine whether or not expanding the minimum tick size for certain small-company stocks may impact the viability of small businesses.

I applaud the Commission's dedication to supporting small businesses' access to capital markets and I urge the SEC to diligently and fully evaluate the appropriate length, process and scope of the Tick Size Pilot Program under the Proposed National Market System (NMS) Plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "Juan Vargas", is written over the word "Sincerely,".

JUAN VARGAS
Member of Congress