What impact has decimalization had on the securities markets in general?

- Generally speaking, decimalization has been very good for investors as executions have never been faster or cheaper. However, the nature of your question misses the larger point – you cannot paint large cap, midcap and small cap stocks with the same brush.

What problems has decimalization caused? What benefits have been realized? Do the benefits of decimalization outweigh any such problems?

- The tangible benefits of decimalization are very substantial and, in my view, significantly outweigh any costs. However, the majority of those costs are borne by the smaller cap stocks, which are essentially starved for research coverage. Decimalization has completely destroyed the economics of the research business. A minimum tick size would go a long way toward restoring those economics.

Should consideration be given to reducing minimum tick sizes for other types of securities such as those of very liquid large capitalization companies?

- We believe that prior to evaluating increased liquidity levels for already liquid stocks, a pilot project with less liquid stocks would make for a more prudent determination of optimal tick size.

What should be the factors in determining optimal minimum tick sizes?

- We believe that issuers should select their spread. This will make them more accountable to their investors in terms of managing liquidity in their stock.
Should the minimum tick size vary with the price of a security, its liquidity, the size of the issuer, or other characteristics?

- Of course. There should be some variability between stock price, dollar value traded, etc. There is no case more clear than Berkshire Hathaway. Again – we recommend issuer choice of their tick size.

Are there international models that might provide a good example of tiered minimum tick sizes?

- I have no idea!

Should the minimum tick size be mandated for all securities, or should issuers or primary listing markets be allowed to choose?

- We believe in issuer choice.

Additional Considerations:

- **Issuer Participation:** Many of the current challenges facing the SEC and the equity markets today stem from a complete lack of issuer participation. The rules are dominated by trading experts who stand to gain an edge via the pushing of their respective agenda. Issuers have been largely ignored. The prevailing attitude in the issuer community is that the markets have become casinos and their stocks are being used as the chips! The single most important thing that you can do to improve your market structure is to utilize the issuer community as an equal partner in setting the rules.

- **Technology Capabilities:** Given the long list of technological failures in 2012, we have serious reservations regarding the ability of the respective equity markets to handle an even more complex agenda to include various tick size thresholds.

Recommendation:

We believe that the SEC should move forward with a wider spread pilot project of several hundred thinly traded stocks. To ensure that qualitative factors are not causing illiquidity, the companies included in the pilot must be listed on either the NYSE and Nasdaq.