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**Office of the CEO**  
311 South Wacker Dr.  
48<sup>th</sup> Floor  
Chicago, IL 60606  
877-4-ENTREX  
swatkins@entrex.net

**July 27, 2007**

Sent Via email & United States Mail

The Honorable Christopher Cox, Chairman  
U.S. Securities & Exchange Commission  
1 F St., N.E.  
Washington, D.C. 20549-1090

**Re: (S7-12-07) 17 CFR Parts 230, 232, and 239 Electronic Filing and Simplification of Form D; Proposed Rule**

Chairman Cox,

Entrex, as the definitive subject matter expert serving the interests of information distribution and capital access of private companies, offers these comments in response to your recent Federal Register announcement proposing simplification of Form D and electronic filing.

First, you're commended for your success in regulating the activities of the capital markets and creating an oversight framework in which investors have gained confidence in the public marketplace.

Second, allow me to share our unique perspective on private company regulation and market development, for your consideration in further structural and/or reporting obligations being researched and assessed.

Entrex supports the proposed relaxation of Form D requirements and applauds increasing the ease of filing through an electronic format. As this is the regulatory structure in which some companies must operate, it certainly serves them to relieve the complexity and minutia of reporting and regulatory burdens and allow them to get back to business.

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We understand reporting methodologies which serve as an investor disclosure mechanism. We propose to you that the time and costs associated with bureaucratic efforts to regulate corporate "honesty" would be better spent enforcing it.

On a greater scope we ask you to use your position, as the decisive and central body empowered to design US financial marketplaces, to both expand investor options and provide private companies a controlled path to liquidity and funding.

Investors currently placing capital in private companies are the very foundation which creates America's economic and employment growth. Too frequently we see unscrupulous, dishonest individuals get away with larceny due to the unregulated nature of these transactions. The SEC has the power to embrace a sub-public market that, by design, is a necessary means for expanding capital formation and opportunity for private firms.

The SEC has been adept at regulating markets bringing "Trading Profits". I ask you to consider creating and controlling an environment which brings "Economic Profits" to our nation: a marketplace designed to bring efficiency to the growth sector of our economy, the private companies -- while protecting those investors.

We believe this is the next natural step in US efforts to ensure our markets remain globally competitive and relevant. For the welfare of our nation it is important that we use aggressive efforts to reclaim and maintain our status as one of the world's great capital marketplaces and prevent any further capital drain, or company flight, to overseas markets.

It's published that there are about 20,000 public companies on the US equity markets with less than 5000 of those considered "actively traded." Yet there are nearly 24 million *private* firms in the US, companies that rarely enter the regulatory purview of the Commission in matters of fraud prevention and investor protection. This leaves roughly 99% of American companies, and their investors, without oversight in all matters of financial transactions. Though, it is this same group of unmonitored companies that are largely responsible for fueling our nation's economic expansion and employment growth.

Our own efforts to establish rules for private companies and clear access to capital funding (without onerous reporting and compliance burdens) have, indeed, been challenging. Yet in our position we are able to meet many of these outstanding companies who, again, provide substantial economic and employment growth to the US.

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That fact is that "Capital Can't Fund What it Can't Find." Growing private companies, not ready for the public market, have no formal marketplace to offer interested and knowledgeable capital sources an opportunity to invest. Yet, it is these investors, funding private entities, which are providing true "economic" gains to our nation—versus simply "trading" gains. It is these private companies, and investors looking to gain from their growth, and risk, which create the opportunity that will maintain the US's status as a global leader on the business forefront. There needs to be a quantified, controlled, environment to find, research, track, manage and invest into this private sector.

It was the Cincinnati Stock Exchange's founding mantra to "...bring local capital to local businesses." It is this mantra that should guide efforts to allow efficient US capital flow into qualified US private companies—without the undue burden of public filing and compliance.

In short, we fear the US may be distracted regulating existing structures versus defining a new innovative model such as those being executed around the globe. **To be a modern steward of investor interests, we believe both the SEC and the Treasury should embrace a new sub-public marketplace serving the 24,000,000 private companies that bring economic and employment growth to our nation—while protecting the interests of the investors which support them.**

Sincerely,



Stephen H. Watkins, CEO  
Entrex, Inc.  
[www.entrex.net](http://www.entrex.net)

cc: **SEC Commissioners**  
Mr. Paul S. Atkins  
Mr. Roel C. Campos  
Ms. Kathleen L. Casey  
Ms. Annette L. Nazareth

Ms. Nancy M. Morris, Secretary