



Global Alliance Securities

Uniting Business and Financial Demands of Investors, Brokers, Dealers and Issuers

www.globalalliancesecurities.com

Submitted via email@: rule-comments@sec.gov

November 12, 2020

M. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549-1090

Re: Release No. 34-901112 File No. S7-13-20

Dear Ms. Countryman,

We express appreciation for the opportunity to comment on the above-referenced proposed rule. While the topics in the release and proposed rule are worth significant evaluation and the unintended consequences of proposed rule are worthy of extensive examination.

As a forty plus year Financial Industry Regulatory Authority ("FINRA") registered person, the comments on this proposed rule from several perspectives; overseeing investment banking and sales personnel which have Small Business Issuers (SBIs) as clients, and executive management of a FINRA member that firm regularly provides services relating to SEC Rule 15a-6 and an officer, director and investor in SBIs that have successfully raised money in the U.S. capital markets.

SEC Rule 15a-6 Permits Success Based Compensation to Non-Registered Parties

SEC Rule 15a-6 permits Foreign Broker Dealers to effect transactions with certain categories of the US investors through a United States Broker-Dealer, i.e., Chaperoning. It is avenue for Foreign Broker Dealer to access or solicit Major U.S. Institutional Investor(s) for a Foreign Broker Dealer's financial products and services into the United States and receive success fees as an exemption from registration.

Unintended Consequences

Creation of a class of unregistered persons with limited exposure to regulatory oversight and no obligations to investors.

Shifting the risk of Anti-Money Laundering and Know Your Customer responsibility to a small business, i.e., responsibility to identify situation of money laundering and qualifying investors as an accredited investor.

Definition of small business companies lacks clarity which create confusion.

Conflicts with state registration and regulatory obligations.

Definition of nature persons as written means anyone from anywhere.

Cold calling from anyone from anywhere.

Increased probably of guaranteeing rate of return and/or gains and other misrepresentation.

Increased disclosure risks to investors.

Verification of investors, finders and issuers to ensure no "bad actors".

Lack of maintaining books and records to investigate wrongdoings.

Confusion with FINRA Rule 2040 Payments to Unregistered Persons.

For Consideration

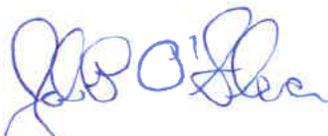
In 2019, there were 3,395 FINRA Broker Dealers classified as small by FINRA. The 3,395 FINRA Broker Dealers employed 64,168 registered individuals. The survey illustrates that 208 of these firms sell private placements to accredited investors and 282 sell private placements to Institutions.

In 2001, the implementation of the Series 82 by the FINRA which is a registration that allows for payment of fees from the primary private placement of securities and utilized by individuals who wish to service small businesses.

Rule 3a4-1 Safe Harbor for Sales of Securities by Officers, Employees and other Associated Persons of the Issuer, the "issuer exemption," as it's commonly known, typically applies to individual employees or agents of the issuer rather than the issuer itself. The Commission has noted that "the [Exchange] Act has customarily been interpreted not to require the issuer itself to register as either a broker or a dealer" because the issuer is not effecting transactions for the account of others, nor is it engaged in the business of both buying and selling securities for its own account. However, persons acting on behalf of the issuer engaged in distributing its securities, including the issuer's own directors, officers or employees, may be either "brokers" or "dealers" under Section 3(a) of the Act.

Thank you for your time.

Regards,



John P. O'Shea
Executive Chairman