

Dear SEC Staff,

I have read with great concern the SEC's proposed changes to 17 CFR 240,15c2-11. I urge the SEC to reconsider the nature and scope of these changes on the grounds that the changes, as written and proposed, would have a devastating impact on holders of many legitimate non-reporting over-the counter securities, resulting in extraordinary destruction of investors' capital. The SEC's goals in the proposed rule changes are well intentioned but will result in a considerable amount of harm to investors in small but reputable companies in the US.

I support the SEC's measures to prevent market manipulation and fraud. However, the proposed changes to 17 CFR 240,15c2-11 would eliminate trading in a huge number of non-reporting OTC securities, rendering such securities all but impossible to buy or sell. There are hundreds of non-reporting yet completely legitimate enterprises that are traded OTC. These companies have at some point legally suspended their reporting obligations under Section 15(d) of the Securities Exchange Act of 1934. These companies represent a variety of industries and geographies and range in size from tiny to substantial. A representative subset of the companies in which my family has an investment that would be affected by the proposed changes includes Kyzen (KYZN), Queen City Investments (QUCT), ACMAT Corporation (ACMTA, ACMT). All three companies trade on the OTCBB (Pink Sheets). ACMAT provides quarterly and annual reports on their website but does not issue press releases or post financial statements at the OTCmarkets.com website. This insurance company is profitable every year, trades infrequently, is majority owned by its CEO, and has been in business for many years. Kyzen issues annual reports only to shareholders who demonstrate proof of ownership. This company makes cleaning solutions and equipment for manufacturers of electronics and has two locations in the US and three locations overseas. The company is profitable almost every year, has been in business for several decades, is majority owned by the founders of the company, issues no press releases and posts no financials on their website. The annual report is sent by mail to shareholders about 8 months after the end of the calendar/fiscal year. The company states that they limit financial reports to shareholders because their competitors are private companies and they fear that public filing of their results will provide their competitors with valuable information that they would rather keep private. Queen City is a conglomerate company that has been in business for many decades, distributes an annual dividend, trades for about \$1000/share, is consistently profitable, issues no press releases, and only provides an annual report by mail to shareholders who submit proof of ownership. The company does not really have a compelling reason to keep their financials private and does not offer an explanation as to why they do so.

As you can easily surmise from my very brief descriptions, these are thinly traded companies and are not the type of stocks that are peddled to unsophisticated retail investors by unethical boiler room operations, nor are they worthless shell companies or speculative operations manipulated in pump and dump schemes. It has taken years of patient investing to get to know these companies and build up meaningful holdings of company stock. As long as these stocks can remain quoted on the OTCBB exchange,

with at least a couple of market makers offering bids and asks, often supplemented by bids and offers entered directly through ARCA, then these companies will remain investable assets that shareholders can buy and sell with other interested parties throughout the world. I fear that the regulation suggested would cause these companies to no longer be eligible for trading on the OTCBB electronic exchange. If so, then what? How would I go about selling the shares I have purchased over many years? How would an interested shareholder know I have shares for sale? How would I ensure I get the best price I could when I can only deal with one buyer at a time? How could I buy more shares? I imagine what would happen is that many of the affected companies will NOT make an effort to comply with the required documents needed to avoid delisting from the OTCBB and would NOT make an effort to act as middleman/transfer agent between interested buyers and sellers. Instead, I imagine they would act as buyer of only resort, offering to buy back shares from “stranded” investors for pennies on the dollar relative to the bid prices that would exist in an open exchange such as the OTCBB. In other words, the proposed regulation would wipe out a large percentage of the current real dollar value of the investment current shareholders have in such companies, and I don't believe this would motivate the companies to make a change since they are in many cases majority-owned by management/founders and they would be happy to buy back shares at greatly reduced rates.

If brokers are no longer allowed to quote these securities, the trading market for nearly all of them will effectively disappear. Investors across the nation will be left with completely illiquid holdings in now effectively private companies, massively impairing their value. With no realistic means of achieving liquidity, the shares of many such companies may as well cease to exist in the eyes of their owners. The effect of this rule change would be hundreds of millions of dollars in investor capital destroyed by the stroke of a pen. I urge the SEC NOT to cause economic devastation for holders (like my family) of many OTCBB companies that would be affected, like Kyzen, ACMAT and Queen City. I ask the SEC to amend any proposed regulations so these companies can continue to have their stock traded by willing investors. One form of this rule might be a simple requirement that a non-reporting company sign a declaration affirming that its audited annual financial statements are available upon request to shareholders of 1 share or greater. Another form of the changed rule might effectively “grandfather” non-reporting companies that have been quoted under the existing rule but disallow future deregistering companies from continued quotation. My preference would be for no change to the existing rules whatsoever, but my primary objective is to preserve the economic value of my holdings in OTC non-reporting companies from the devastation the proposed changes would cause.

Please realize that fraud and manipulation will always be with us. I see that occurring currently in the US and Canada with many marijuana-related securities. These companies comply with all filing requirements of the SEC or SEDAR, in many cases these filings show companies that are losing money every quarter, have no viable business plan, have sold millions of shares to insiders for fractions of a penny per share, have performed many related-party transactions siphoning out tens of millions of

dollars of IPO funding, and yet trade heavily on a daily basis based on nothing but hype and momentum. The presence of filings do not stop investments in such companies by willing investors. SEC filings do not insure a company is a non-fraudulent, safe investment and the lack of SEC filings/quarterly publicly-available reports does not prevent a company from being a very safe, reputable, and financially sound investment. Please find a way to prevent fraud without hurting investors who choose to invest in OTCBB companies that only publish annual reports that are mailed directly to shareholders.

Thank you for your consideration in this matter.