860 Newport Center Dr., STE: 100
Newport Beach, CA 92660
November 19, 2019

[redacted]

Securities and Exchange Commission
100 F. Street, NE
Washington, D.C. 20549

Re: Release No. 34-87115; File No. S7-14-19

Dear Chairman Clayton:

This letter is being written to express my opposition to the proposed rule changes of Exchange Act Rule 15c2-12.

From what I understand in my research, the SEC seems to be attempting to prevent fraudulent activities by limiting, or completely eliminating the trading of securities in companies who do not publish present-day financials. For the record, I would like to state that eliminating penny stock fraud is a worthy cause, and of a benefit to all.

However, I believe the proposed to be a misguided approach. The planned change could destroy what is a fair and orderly OTC market, if price quotes are no longer available. The majority of the businesses that fall under the SEC's rule change umbrella are legitimate, well run, family owned and have a long standing history of success.

The complexities of OTC trading are many and I do not think that the broad proposal takes this into account. If you are attempting to prevent penny stock fraud the proposal is not going to achieve this. If this passes, you will reduce the liquidity and market value of stocks that are not shell-companies or penny stock, but rather successful and valuable businesses.

An important point is to differentiate between what is a penny stock and what is a thinly traded closely held security. Therein lies a solution to your issue. The differences between the two are vast.

Penny stocks rely on publicity and excitement to artificially pump up the share price. Whereas, thinly traded companies avoid promotion. Penny stocks tend to have a much larger interest in issuing a large amount of shares to sell to speculators. Thinly traded companies have no such interest and in most cases haven't issued shares in many years. Penny stock companies rarely have any interest in buying their own shares back. Thinly traded companies tend to constantly be on the lookout to buy back those outstanding shares. As the amount of outstanding shares goes down, so does the volume. If you pass the proposed, you will deny the trading market to the outside shareholders, leaving them to suffer significant losses in very valuable investments.

Another large point I would like to make is that these thinly traded companies do not require or need public markets for the minority shares to produce liquidity. If they do seek liquidity it is in the form of selling the company. The point here is that low trading volume or liquidity, does not have any bearing on the quality of the issuer.

Lastly, I would like to point out the difference in individual investors. A large majority of investors who seek to purchase thinly traded securities are fund managers, the issuing company's owners,

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sophisticated investors or a very knowledgeable individual on the "space". Juxtaposed to that, penny stock purchasers are mainly speculative unknowledgeable investors looking for quick gains.

In conclusion, I ask you these questions. Does the proposed rule change help the individual investor? Or, does it help the issuing company increase their power to prevent market making totally? Does the intended change help to create pricing transparency? Or will it reduce liquidity to the point that private transactions are forced into selling at a significantly lower price? What happens to family members, former employees, officers and shareholders of companies that own these in certificate form? How do they find a company that has been acquired or that has changed location/contact info? What happens to the beneficiaries of an estate who inherit these certificates now that the company no longer has the registered shareholders name? It seems to me that millions of dollars can be easily lost in an instant.

I vote for rejection of this proposed rule because; you can irreparably damage countless thousands of individual investors. You can't stop those willing to commit fraud as they will still look to take advantage of uninformed investors, regardless of the rule changes. Finally, the collateral damage to legitimate companies and investors is not worth the risk, as your scope is too broad.

All my very best,

Jon Norberg