TERRAVOIR

November 25, 2019

PO Box 927981
San Diego, CA 92192

Dear Chairman Clayton,

I am writing to you to express my grave concerns regarding the amendments to rule 17 CFR 240.15c2-11 that will negatively impact the small investors you are trying to protect. This change is in no way the best way to regulate fraudulent activities and, instead, will adversely affect the efficiency of small, legitimate, over the counter traded companies, and the change will be in violation of the 1934 Act.

Many OTC companies are successful, profitable companies, but with limited operational staff to distribute ongoing financials and in order to comply would be forced to shoulder an unreasonable financial burden. These companies would rather distribute capital to investors or retain earnings, accretive to the underlying equity of the company. Investors in these OTC companies have full knowledge of the status of the company's financial reporting. No-one is surprised to find this after he or she buys an OTC listed stock.

Furthermore, I vehemently argue that the buyers of these OTC equity securities are highly trained and specialized managers that understand the risks, i.e., they are "big boys & girls", and are prepared to deal with the irregularity of OTC financial reporting. By changing this rule, you would get rid of the opportunity that smaller investors have to gain a positive risk-adjusted return by doing bottom-up due diligence with a dedication to on-the-ground research such as visiting the actual company sites, speaking with management, and attending shareholder meetings. These activities allow smaller managers and investors to earn positive alpha outside of the larger institutional space. This kind of due diligence and requisite patience (which larger institutional investors either do not have time for or are unwilling to do) are what allows smaller "value" managers to earn positive returns when willing to put the effort in to do so.

Moreover, most equity retail investors (see your SEC pension) are shackled within a large passive indexing mega-sphere via a 401k and completely miss these OTC traded companies leaving trading to the previously mentioned knowledgeable and professional investors. I challenge you to find any of these OTC companies in a large passive index.

Finally, there are tons of junk bonds on Fidelity for retail investors where there are no published financials. For example, the company currently under SEC investigation and perennial dumpster fire, WeWork, had bonds traded with no published financials unless you went through a long process with the company. Why do you have no problem letting these be quoted?

Best regards,

Matthew Kerchner, CFA
Terravoir Venture

TERRAVOIR

P.S.

If you are interested in investigating nefarious activities, I would look no further than Tesla Motors (TSLA), which continues to violate your imposed court order "No. 1:18-cv-8865-AJN-GWG" with ongoing false and misleading statements. Furthermore, I would seriously consider looking into published financial statements and accounts receivable accounting.

TSLA's current market cap of ~$60BB will cause, to use your words, significantly more "market confusion and disruption" for the average retail and index fund investor (read your personal SEC pension) than the regulation of legitimate OTC companies. I suggest you put your energy into regulating the blatant drivel masquerading in plain sight.