



December 26th, 2019

Securities and Exchange Commission
Att.: Vanessa Countryman, Secretary
100 – F Street NE
Washington DC. 20549-0609

Re.: **Request for Extension of Time to Submit Comments**
File # S7-14-19 Release # 34-87115
Submission of Comments on Proposed Changes to Rule 15c2-11

Dear Ms. Countryman:

I would like to take this opportunity to formally request that the Securities and Exchange Commission (“SEC”) extend the period of time available for the public to submit comments on the Proposed Changes to Rule 15c2-11 by a minimum of 90 days. Based upon our interactions with parties and/or OTC participants¹ potentially affected by these proposed changes, we are of the belief that the vast majority of the participants in the OTC market and public investors are unaware of these proposed changes.

It is our belief that the proposed changes to Rule 15c2-11 (the “Rule”) are the greatest and most far reaching changes to effect the Over the Counter (OTC) market since the adoption of Rule 15c2-11 in 1971. We believe that there are several substantial reasons why the comment period should be extended, allowing the public a better opportunity to submit comments.

As of this morning there have been approximately 125 comments submitted by the public on these proposed changes. We believe that given the potential impact of these changes, this is an inadequate number of responses for a realistic assessment of the impact on the OTC market, the public and the US economy.

- 1. Release Size:** The Release containing the proposed changes to Rule 15c2-11 is approximately 228 pages in length. The Release also contains approximately 133 questions that it has requested the public provide responses to. I do not believe a single one of the comments submitted has substantially addressed any of the questions contained in the release. As one of our operating subsidiaries is currently working on submitting comments on the proposed changes, we can attest to the difficulty in responding to these questions within the time allotted.

¹ It is our belief that the list of OTC Participants include those listed in Item 3 of this letter as well as many others.



The Release also contains numerous proposed changes to the Rule, each of which deserves to be considered on its individual merits. The statements within the release make it clear that the changes to the Rule will primarily impact small firms, which by their very nature have limited resources to respond to a such a broad based proposal in a limited amount of time.

2. **Comment Period over the Holidays:** The current comment period falls over the end of the year holiday season that impacts both the Christian and Hebrew faiths. It is an undeniable fact that this holiday period has a dramatic, and negative impact on the ability of the public to submit meaningful comments to the Commission on these proposed changes.
3. **Number and Scope of Affected Parties:** The scope of the parties effected by the proposed changes is enormous; and the comments received to date do not adequately reflect input from these parties. We believe that the parties listed below is a fair and accurate representation of the parties potentially effected by these changes.
 - A. **Public Companies:** According to the information contained within the Release, the SEC estimates that there are approximately 3,000 companies that would be affected by the proposed changes to the Rule. To date, only a couple of comments have been received from public companies. The current level of comment from these companies is not a meaningful statistical sampling of them.
 - B. **Shareholders:** The number of public shareholders that could be effected is extremely significant. If 3,000 public companies could be effected, and each company has 1,000 shareholders², then there are easily 3,000,000 shareholders who would be impacted by these proposed changes. However, this number does not take into account the number of shareholders of existing companies that as of today would not be impacted by the proposed changes, but could be impacted in the future.
 - C. **Broker/Dealers (Market Makers):** According to the information contained within the Release, there are currently eighty-nine (89) broker/dealers that make markets in Over the Counter (OTC) securities. Approximately thirty-nine (39) of these broker/dealers submitted 15c2-11 applications within the referenced time period. As of today, not a single one of these 89 broker/dealers has submitted comments on the proposed changes. Of the broker/dealers we have

² This would include shareholders listed on the shareholders list of these companies, as well as the shareholders who hold their shares in streetname.

spoken with, every one of them has commented on the difficulties of submitting comments on such a broad proposal with such a limited amount of time. There needs to be a meaningful effort to survey or poll these firms to get their input on how these changes will impact the market.

- D. Investment Banks:** OTC Markets, Inc. lists 61 Investment Banks in their Service Provider directory³. Our proprietary research indicates that there are over 1,000 broker/dealers that are licensed to engage in private placement and investment banking activities. As of today, not a single one of these broker/dealers has submitted comments on the proposed changes to the Rule. There needs to be a meaningful effort to survey or poll these firms to get their input on how these changes will impact the market.
- E. Securities Counsels:** OTC Markets, Inc lists over 1,490 attorneys and law firms in its Service Provider Directory that service OTC participants. As of today, approximately a half dozen have submitted comments on the proposed changes to the Rule. The experienced attorneys that provide services to OTC companies and other OTC participants are a source of highly valuable information concerning these proposed changes that must be heard from in order to properly assess the impact of the proposed changes.
- F. Transfer Agents:** OTC Markets, Inc. lists 190 transfer agents in its Service Provider Directory. As of today, not a single transfer agent has commented on the proposed changes to the Rule. The transfer agency community is a valuable source of information on how these proposed changes will impact the market. There needs to be a meaningful effort to survey or poll these firms to get their input on how these changes will impact the market.
- G. Audit Firms:** OTC Markets, Inc. lists approximately 1,280 audit firms that service OTC companies. As of today, not a single audit firm has commented on the proposed changes to the Rule. The audit firm community is a valuable source of information on how these proposed changes would impact the market. There needs to be a meaningful effort to survey or poll these firms to get their input on how these changes will impact the market.
- H. Stock Exchanges:** Every month, OTC Markets publishes its monthly newsletter, and contained within the newsletter is a list of the companies that have up listed to a stock exchange. These companies are very clearly among the success stories of the OTC market. The proposed changes to the Rule, do not discuss how these companies will be or would have been impacted by the

³ Please see: <https://www.otcmarkets.com/learn/service-providers>



Rule changes. It is our belief that whether they currently realize it or not, the various stock exchange will be impacted by the Rule changes.

- I. **Parties Involved in the Up Listing Process:** There are several firms that specialize in the assisting companies in the process of applying for a listing on a stock exchange. These firms are also a source of valuable information. It is important to receive their input on these proposed changes.

4. **Potential for Unintended Consequences:** It is our belief that there will be a significant number of unintended consequences from rushing through changes to Rule 15c2-11. It is important that an extension to the time allowed for comments is given in order for these unintended consequences to be discussed. By not extending the period for comments, many commenters most likely will find themselves rushed to respond, and not have time to address any unintended consequences or engage in a meaningful discussion of those consequences brought up by others.

5. **Alternatives Not Adequately Discussed:** It is our belief that there are reasonable alternatives to the proposed changes to Rule 15c2-11 that will be more effective in achieving the Commission's stated goals with less negative side effects or unintended consequences. These potential alternatives have not been adequately discussed within the Release, and the current comment period does not allow for a realistic discussion of them to take place.

We believe that it is urgent that the Commission extended the time period to submit comments on the proposed changes to Rule 15c2-11. These proposed rule changes have the potential to significantly impact the US economy, and dramatically alter the nature of the OTC market in a permanent manner. It is our belief that the current comment period has resulted in a reduced number of comments being submitted, and hurt the overall quality of the comments that could be submitted. Given the nature of the changes, and their potential impact, we respectfully request that the Commission extend the comment period for a minimum of ninety (90) days or more.

Sincerely,

A handwritten signature in black ink that reads "Erik S. Nelson".

Erik S. Nelson,
President