



March 3, 2020

**VIA ELECTRONIC SUBMISSION**

Ms. Vanessa Countryman, Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: **File No. S7-14-19:** Proposed Rule and Concept Release regarding the Publication or Submission of Quotations Without Specified Information

Dear Ms. Countryman:

Global OTC<sup>1</sup> appreciates the opportunity to comment on the U.S. Securities and Exchange Commission's ("Commission") Proposed Rule and Concept Release regarding the Publication or Submission of Quotations Without Specified Information ("Proposal"). We strongly support the Commission's goals of fostering greater transparency in the market for over-the-counter ("OTC") securities, protecting retail investors from fraud, improving efficiency in the OTC market, and modernizing Rule 15c2-11 under the Securities Exchange Act of 1934 ("Rule").

Adopted by the SEC in 1971 as a means reasonably designed to prevent fraudulent, deceptive, and manipulative acts through quotations in OTC securities, the Rule requires a broker-dealer that publishes or submits for publication quotations in OTC securities on a quotation medium to gather, review, and preserve certain specified information and to have a reasonable basis under the circumstances for believing that the information is accurate in all material respects and was obtained from reliable sources.<sup>2</sup> Under the so-called "piggyback" exception, the Rule's information requirements do not apply when a broker-dealer publishes a quotation for an OTC security that meets the frequency of quotation requirements set forth in that exception.<sup>3</sup>

Global OTC is a quotation medium, Interdealer Quotation System ("IDQS"), and Alternative Trading System ("ATS") that provides an electronic platform for quoting and trading OTC securities. Global OTC permits broker-dealers to disseminate quotation information in OTC securities (1) for which such broker-dealer has filed a Form 211 with, and received approval of that Form 211 from, FINRA; (2) that qualify for the "piggyback" exception on Global OTC; or (3) that are otherwise eligible for quoting under the Rule. Global OTC accounts for approximately 13% average daily trading in OTC securities, and is the longest-serving ATS within the OTC marketplace, offering fast, fair and efficient executions. Global OTC is the

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<sup>1</sup> Global OTC is operated by Archipelago Trading Services, Inc., a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA").

<sup>2</sup> See Exchange Act Release No. 9310 (Sept. 13, 1971), 36 FR 18641 (Sept. 18, 1971). In addition to the requirements of the Rule, FINRA Rule 6432 prohibits a broker-dealer from initiating or resuming quotations in OTC securities in a quotation medium unless the broker-dealer has demonstrated compliance with the requirements of both FINRA Rule 6432 and Rule 15c2-11, subject to certain exceptions.

<sup>3</sup> See 17 CFR § 240.15c2-11(f)(3).

first ATS to employ an order driven, automatic execution trading system, and improves market transparency by publishing full depth of book market data.

Global OTC is supportive of the Proposal and believes it would expand the public availability of current information regarding issuers with securities quoted and traded in the OTC equities market.

### **Responses to Proposal Questions**

*Question 2: Should proposed paragraph (b) information meet the definition of "publicly available" if, for example, access to such information requires payment of a fee or registration and provision of customer data to be allowed access to such information? Are there any other potential barriers to accessibility?*

Global OTC does not believe that the definition of "publicly available" should permit access to be contingent on the payment of a fee or other conditions, including registration and provision of customer data. Such conditions are, on their face, barriers to accessing information, are inconsistent with being "publicly available," and contravene the stated purpose of the Proposal to increase the transparency and availability of the information on issuers in the OTC marketplace.

*Question 96 -- Should a broker-dealer's reliance be limited to a determination by a registered national securities association and not a qualified IDQS? Why or why not? Should a broker-dealer's reliance be limited to a determination by a qualified IDQS and not a registered national securities association? Why or why not?*

The Commission is proposing to amend Rule 15c2-11(f)(8) by adding a new exception to allow a broker-dealer to rely on publicly available determinations by a qualified IDQS or a registered national securities association that an issuer's information is current and publicly available and that the requirements of certain exceptions to the rule have been met. Global OTC believes that FINRA is best suited to determine whether current and public information is available for an issuer, similar to the regulatory service FINRA provides with the current Form 211 process. If, however, the Commission concludes that an IDQS should be permitted to make such determinations, Global OTC believes an IDQS's determination should be limited to a review for completeness and availability of the issuer's information, and not whether issuer information is accurate. An IDQS does not have the required expertise or access to act in an auditor capacity in order to assess the accuracy of an issuer's information.

In addition, Global OTC requests that the Commission clarify how often (e.g. semiannually) the continued public availability of current information under paragraph (b)(5) of the Proposal must be confirmed.

Global OTC also believes that a broker-dealer should be permitted to quote on any IDQS if one IDQS or FINRA has made the required determination regarding an issuer. Otherwise, issuers could provide information necessary for a determination to only one IDQS, creating a monopoly and reducing competition. Global OTC sees no compelling reason to limit competition in the trading of OTC securities.

### **Average Daily Trading Volume Exception**

Finally, Global OTC supports the proposed exception from the Rule's information review requirement for OTC securities that satisfy a two-prong test based on the (1) the security's average daily trading volume ("ADTV") value and (2) the issuer's total assets and unaffiliated shareholder's equity ("asset test"). Global OTC believes that securities that meet these tests do not raise the same concerns as smaller issuers.

### **Conclusion**

We believe that the policy goals underlying the Securities Exchange Act of 1934, including maintenance of fair and orderly securities markets, broad dissemination of reliable quotation and transaction information, and competition, are furthered by the Proposal and modifications thereto that we suggest above. Global OTC appreciates the opportunity to comment on the Proposal and looks forward to engaging with the Commission. Please contact Sherry J. Sandler, at [REDACTED] or [REDACTED] with any follow up questions.

Respectfully submitted,



Sherry J. Sandler