



MCAP

May 15, 2020

Via Electronic Mail (rulc-comments@scc.gov)

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

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

Dear Ms. Countryman:

MCAP LLC ("MCAP" or the "Firm") appreciates the opportunity to provide comments on the Proposed Rule and Concept Release on the Publication or Submission of Quotations Without Specified Information (the "Proposal") by the U.S. Securities and Exchange Commission (the "Commission") and proposed amendments to Rule 15c2-11 under the Securities Exchange Act of 1934.

MCAP LLC is one of the most active market makers in OTC securities, including American Depositary Receipts, Foreign Ordinaries, U.S. Treasuries, Agencies, MBS, and various money market instruments. MCAP provides execution services to institutional investors and broker dealers and live executable prices in thousands of OTC securities primarily in the U.S. marketplace. MCAP is a "wholesale" electronic market maker, and as such, the Firm does not solicit orders or investors.

- 1) **MCAP supports the Commission's commendable goals of providing greater transparency to investors in OTC securities and ensuring stronger protections for market participants while introducing sensible measures to lessen inefficient regulatory burdens on market makers. The largest market makers are not in the business of soliciting investors. Instead, they provide consistent liquidity and transparency for thousands of securities. These "pure" market makers should not be exposed to potential unintended consequences that increase, rather than reduce, the regulatory burdens creating inefficiencies in the OTC marketplace.**
- 2) **MCAP agrees that securities of Issuers categorized as "No Information" or "Limited Information" companies should not be relegated to the Grey Market and supports the development of an "Expert Market".**
- 3) **Market makers establishing two-sided quotes and trading the securities of Issuers categorized as "Current Information" in the OTCQX Best Market, OTCQB Venture Market, Pink Open Market or other trading venues should be explicitly exempt from ongoing recordkeeping requirements or other regulatory burdens. There is no additional benefit to investors when market makers are required to redundantly review and retain records for these securities.**

- 4) **Registered market makers should be exempt from Regulation SHO close-out mandates in order to protect retail and institutional investors from distorted securities pricing and to better maintain an orderly marketplace. The antiquated Regulation SHO close-out rules should be replaced with some form of late fees similar to those currently implemented in the U.S. Treasury market. The current Regulation SHO close-out requirements contribute to significant price dislocations, short squeezes and market inefficiencies serving only to diminish an effective and orderly marketplace. Relaxation of the settlement requirement is reasonable and fair when a market maker or arbitrageur is legitimately short due to customer demand and a borrow is no longer available on any reasonable terms.**
- 5) **MCAP supports an exemption allowing broker dealers to rely on a qualified interdealer quotation system (“IDQS”) or a registered national securities association (“NSA”) for determination that an exception is available so long as it does not result in any additional costs to investors, broker dealers or market makers. Form 211 filings are currently conducted without compensation to broker dealers despite the fact that significant time and firm resources are allocated to this important function. Any new fees associated with this proposed rule change would ultimately be borne by investors, broker dealers and market makers, resulting in a less efficient marketplace and an unintended degradation of service quality to investors.**
- 6) **MCAP supports the idea of an exemption for market makers to quote issuers with substantial assets and significant trading volume without an associated requirement to conduct an information review. In particular, large global issuers in good standing with their home regulators should automatically qualify for exemption when the market maker elects to publish a quotation.**
- 7) **MCAP supports an exemption for certain foreign securities that would allow market makers to publish quotations in securities of a foreign private issuer meeting the following requirements: (i) satisfies the ADTV test in proposed Rule 15c2-11(f)(5); (ii) is currently traded on a "designated offshore securities market" designated as such by the Commission as satisfying the criteria in Rule 902(b)(2) of the Securities Act of 1933; and (iii) trading in the security is not suspended by a foreign financial regulatory authority.**

MCAP appreciates the opportunity to provide comments on the Commission’s Proposal. For far too long, broker dealers and market makers have maintained the sole burden of filing Form 211s. The filing of a Form 211 is an arduous, costly and time-consuming process. Enabling qualified interdealer quotation systems and registered national securities associations to provide no-fee services as described above will alleviate the undue regulatory burden on the broker dealer and market maker community while preserving and strengthening overall market integrity and investor protection.

Sincerely,

David Menn

David Menn
Chief Executive Officer
MCAP LLC