Submission in Respect to Proposed Amendment to Rule 15c2-11

As a general comment I generally support the SEC's position in respect to meeting minimum disclosure standards. It is the absence of proper disclosure that enables unscrupulous persons or "bad actors" to manipulate situations and mislead investors and the proposed amendments speak to address this concern. If companies are compelled to comply with minimum reporting guidelines this goes a long way to ensuring transparency and ensuring that investors can make informed decisions based on publicly available information. It the case of companies who say that the cost of providing basic reporting and accounting information is overly complex or expensive, then these companies are probably too small, unprofessional and/or under resourced to be publicly traded in the first place and should probably remain private. In Australia we have had the concept of Continuous Disclosure for decades and this has worked very well as it puts the responsibility on the Directors and management to disclose all material information and insure an informed market.

The issue which I am highly opposed to is the general definition and treatment of companies which have been deemed, at some point in their existence, to have been a "shell". I am cognizant of the past abuse of shells and the effect this had on unsuspecting investors. As was discussed in the paper, many companies particularly in the healthcare and mining sectors, at some time were shell companies. Also, many/most US companies started as $2 paid up capital Delaware corporations, they are subsequently capitalized and used to acquire or set up businesses. I don't know how this escapes the "shell" definition applied by SEC. Rather than relegate former shell companies, there are far better and more equitable methods to ensure compliance and protect investors. Rather than concentrating on a very narrow definition, the interests of investors, markets and companies would be far better served by introducing some form of oversight or accreditation. This could take the form of requiring former shells to undergo a review process by OTC Markets or alternatively some form of sponsorship by a qualified broker/dealer or law firm. The process would include due diligence, security checks on all directors and senior management, provision of say 2 years of audited accounts and other checks and balances to demonstrate that the company is a suitable entity to be trading on the OTC Markets. A further exemption should be for companies listed on approved foreign exchanges, that are current in their filings with a good track record of compliance. It may also come down to a time issue whereby any company that might be deemed to have been a shell anytime in the past two years would be restricted from trading and would have to provide required disclosure documents to be allowed to be granted a listing thereafter. The shell concept is a throwback to a different time and with proper guidelines and regulation should not cause any greater concern to the SEC and investors than any other company traded on OTC Markets. A requirement for a Section 144 opinion in respect to a DTC application cannot be issued if a company was ever deemed to have been a shell company. The fact that this may have occurred 20 years ago and the company is now in a completely different business with a different board and management bears no resemblance to the former entity. It is for these reasons that the entire treatment of former shell companies needs to reviewed and updated to the current world business environment.

I appreciate being afforded the opportunity to lodge this opinion with the governing body.

Regards,

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