

September 19, 2016

Submitted via rules-comments@sec.gov

Mr. Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Mr. Fields,

Subject: File Number [S7-21-16] – Regulatory Flexibility Act (“RFA”)

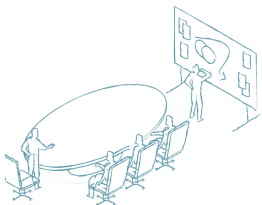
I am writing to you in regards to the Securities and Exchange Commission's annual review of certain final rules under the Regulatory Flexibility Act (the "Act") in conjunction with 70 FR 37496 - Regulation National Market System (“Regulation NMS”).

The Securities and Exchange Commission published a list of rules to be reviewed pursuant to Section 610 of the Regulatory Flexibility Act “to determine whether such rules should be continued without change or should be amended or rescinded...to minimize any significant economic impact of the rules upon a substantial number of such small entities.”

This letter is to highlight that in conjunction with the Act, Regulation NMS was adopted to modernize, strengthen and uniform support for enhancing the efficiency of the regulatory structure of the U.S. equities market. And since adoption, there have been substantial changes in technology, economic conditions, and other factors that should be considered to ensure that Regulation NMS is not hindered by changes that may occur from changes that stem from the RFA review.

Investments in venture backed start-ups reached \$60bn in 2015, double the level of 2013, as investors such as mutual funds, asset managers and all income level investors enter the scene. As new asset classes are created under the JOBS Act and secondary markets and venture exchanges are established for small medium enterprises; it will be important to ensure that the “Order Protection Rule”, “Access Rule”, “Sub-Penny Rule” and “Market Data Rule” are not negatively impacted by upcoming changes. Yet the regulations should foster transparency, expanding distribution and increase liquidity as the industry matures and demand increases for securities based crowdfunding and marketplace lending.

- 1) The Order Protection Rule aims to ensure that investors receive the best price when their order is executed by removing the ability to have orders traded through (executed at a worse price).



- 2) The Access Rule, aims to improve access to quotations from trading centers in the National Market System by requiring greater linking and lower access fees.
- 3) The Sub-Penny Rule sets the lowers quotation increment of all stocks over \$1.00 per share to at least \$0.01.
- 4) Market Data Rules, allocates revenue to self-regulator organizations that promote and improve market data access.

Wales Capital believes that there is need by the Act to consider the following factors:

- 1) the continued need for the rule;
- 2) the nature of complaints or comments received concerning the rule from the public;
- 3) the complexity of the rule;
- 4) the extent to which the rule overlaps, duplicates, or conflicts with other Federal rules, and, to the extent feasible, with State and local governmental rules; and
- 5) the length of time since the rule has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the rule.

Wales Capital is available to provide further inputs to the decision-making process and will continue to serve as a sounding board, advocate and supporter of providing access to capital to the companies that are responsible for creating at least 65 percent net new jobs in the United States; while remaining steadfast in ensuring investor protections are not compromised.

About Wales Capital

Wales Capital is a regulatory, compliance and research consultancy headquartered in New York, NY. We ensure that our clients are in compliance with the regulations under the JOBS Act, AIFMD, analyze private ventures and produce reports for them to enhance transparency, liquidity and distribution for marketplace lending and securities crowdfunding.

We are the trusted advisor to small and medium capitalization businesses, governments and institutions working at the intersection of finance, innovation and entrepreneurship movements.

Sincerely,

Kim Wales

Founder/ CEO, Wales Capital and CrowdBureau®
Adjunct Professor, City College of New York

