



January 21, 2011

VIA E-Mail

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-9303

Re: SEC Proceedings to Determine Whether to Disapprove NASDAQ OMX BX Proposal to Create a Listing Market; Release No. 34-63448; File No. SR-BX-2010-059

Dear Ms. Murphy:

The National Venture Capital Association (NVCA) appreciates the opportunity to comment on the above referenced rule proposal. The NVCA represents the interests of more than 400 venture capital firms in the United States which, in turn, invest in thousands of start-up companies each year. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy and support entrepreneurial activity and innovation. The NVCA represents the public policy interests of the venture capital community. It is in that context that I write to urge the Securities and Exchange Commission to approve the proposal by NASDAQ OMX BX to create a new listing market for smaller public companies.

As described in the rule filing and the Commission's Order, the BX Venture Market would offer smaller companies an alternative listing market. This type of market is badly needed given the declining number of IPOs in the United States. While market conditions and the unintended consequences of recent law and rule changes have reduced the number of small

company IPOs, a listing venue focused on these smaller companies, with numeric listing standards designed to accommodate them, can help overcome these challenges and again allow smaller companies to access the public markets.

The Commission has asked whether we agree with the Exchange's belief that a BX listing could help companies raise capital and thus promote job creation within the United States. We do. According to a 2008 Global Insight study, venture-backed companies accounted for 12.1 million jobs and \$2.9 trillion in revenue in the United States in 2008. Venture capital is a long-term, illiquid investment. To the extent a U.S. marketplace provides a new exit opportunity for that venture capital, it will encourage more investment, enabling companies to expand their businesses, and thereby promoting job creation and ongoing U.S. competitiveness. In short, allowing smaller companies to access the public markets without the regulatory burden intended for larger entities will help pave the path towards more IPOs and ultimately more U.S. jobs.

We believe that the qualitative requirements proposed for the BX Venture Market impose an appropriate level of governance, particularly in terms of board structure. We believe it would be inappropriate to require these small and early stage companies to have a majority independent board of directors. Representatives of the venture capitalists that have heavily invested in these companies often sit on their board to provide guidance, instill values and cultural practices, and monitor their investment. The interests of these directors are directly aligned with those of other shareholders – to see the company succeed. Requiring additional independent directors at this stage would impose an unnecessary cost on the company and its shareholders.

In addition, while we recognize the importance of shareholder votes, we believe that permitting very small companies to more freely raise capital without the need for the shareholder vote that would be required on the existing exchanges, is appropriate. Early stage and other

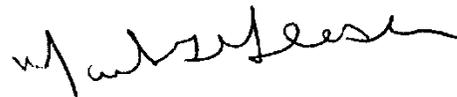
small companies frequently need to raise money to fund their growth and business plan and allowing this funding without the expense and delay associated with a shareholder vote is necessary for the companies to thrive and react to opportunities. The need for this ongoing funding is obvious to investors and would be disclosed in the company's public filings.

Several of the Commission's questions in the Order focus on the risk of smaller companies. Under current market structure, public companies that are small, less liquid, or simply at an early stage of development trade in the OTCBB or Pink Sheets. Venture capitalists do not want to see their portfolio companies trade in those venues because they are largely unregulated and illiquid. All other things being equal, the quantitative and qualitative listing standards of the BX Venture Market will limit those risks, presenting a more attractive opportunity.

For these reasons, we urge approval of the rule filing establishing the BX Venture Market. We think the potential it holds for supporting small companies, and thereby creating jobs, fueling an economic recovery, and enhancing the competitive position of the United States to attract capital, vastly outweigh any concerns.

We urge the Commission to consider our comments carefully, and we would be pleased to provide further input. Please do not hesitate to contact me at 703-524-2549.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark G. Heesen', written in a cursive style.

Mark G. Heesen

President