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December 17, 2009

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: Comments to Securities Exchange Act Release No. 60999  
File No. SR-FINRA-2009-077

Dear Ms. Murphy:

I write to express my strong opposition to FINRA's proposal to establish a Quotation Consolidation Facility (QCF). This is a bad idea that will raise trading costs without providing any benefits, do nothing to improve regulation of the OTC markets and create unnecessary confusion among investors.

I am the head trader at Carr Securities Corporation, a small broker-dealer located in Port Washington, New York. We are primarily engaged in the trading of OTC equity securities and are active users of Pink Quote and the OTCBB, which are the only interdealer quotation systems operating in the market for OTC equity securities.

I also have a substantial personal investment in Pink OTC Markets Inc., the owner of Pink Quote. I made an initial investment in Pink OTC's predecessor, National Quotation Bureau, in 1997 when new management acquired the business. I made this very risky investment with the expectation that new management would establish a badly needed, modern interdealer quotation system in the OTC equity market. I hoped that the interdealer quotation system to be established by Pink OTC would provide some meaningful competition to the OTCBB, which was suffering from neglect by the NASD, its owner at the time.

Pink OTC established its interdealer quotation system in 1999 and has continued to improve its functionality, reliability and speed, as well as reducing the costs of using it. In contrast, I can't think of a single improvement in the OTCBB that has been made by the NASD, or its current owner FINRA, during the same period. As a result, like most other firms with trading operations in the OTC equity markets, we have shifted most of our business away from the OTCBB and into Pink Quote.

FINRA now proposes to shut the OTCBB down. This is not necessary. I doubt that any firm will continue to use it much longer anyway.

The proposed QCF is not a replacement for the OTCBB. It is instead a costly, useless and potentially misleading system for reporting a consolidated NBBO. When the OTCBB ceases to operate, Pink Quote will be the only surviving interdealer quotation system in the market for OTC equity securities. The QCF's publication of an NBBO can do nothing more than duplicate the NBBO already published by Pink Quote somewhat earlier in time. If the difference in publication times results in a different NBBO, investors will be misled or at least confused, since the difference in prices would be attributable solely to differences in dissemination times.

It is unrealistic to suppose that another interdealer quotation system will emerge in the foreseeable future to compete with Pink Quote. FINRA was required to launch the OTCBB in the first place because no private entity believed it would be profitable to operate an interdealer quotations system in the OTC market. The market for OTC equity securities is a difficult environment, and it is not clear that there are sufficient revenues available to support another system. It took years for Pink OTC to develop a profitable system, and it may be a very long time before any other entity decides to provide a competitive system. In the meantime, there is no reason to institute a QCF to consolidate quotations, when there is nothing to consolidate.

It is therefore extremely frustrating that FINRA seeks to charge our firm a position fee for securities that we quote in Pink Quote. This fee is apparently designed to replace the revenues lost due to the business failure of the OTCBB, or perhaps to punish the industry for shifting business away from FINRA's OTCBB system to Pink Quote, FINRA's competitor. These are not valid reasons to impose this position fee. In any event, if FINRA had invested a small portion of the position fees we have already paid to improve the OTCBB, the industry might have continued to use it.

The position fee will only be charged when a quote is published on Pink Quote. This will cause fewer quotes to be published and cause more OTC equity securities to be traded in the gray market. It is much more difficult for investors to monitor execution quality when their orders are not displayed in the public markets.

The industry has shifted to Pink Quote because it is a better system that enables firms like ours to provide our customers with best execution. FINRA's QCF will add nothing to execution quality. The QCF does not serve any valid regulatory purpose because FINRA already has access to quotations published on Pink Quote under FINRA Rule 6330. It is an outrageous abuse of FINRA's regulatory power to punish us because we shifted out business to a competitor's system to satisfy our obligation of best execution.

Moreover, as a shareholder in Pink OTC, I am outraged that the intellectual property lawfully developed using my investment dollars and owned by Pink OTC is being taken without compensation. This reduces by fiat the value of my investment

without providing any corresponding benefit to the public. I believe this violates the U.S. Constitution. It is also extremely unfair and smacks of dictatorship.

I urge the Commission to reject FINRA's unlawful proposal. Please call me at (516) 944-8300 if you have any questions.

Very truly yours,

Walter P. Carucci  
President, Carr Securities Corp