



January 14, 2010

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:

Vandham Securities Corp. respectfully submits this letter in response to the proposal by the Financial Industry Regulatory Authority "FINRA" to create a Quotation Consolidation Facility "QCF" that would serve as a commercial data consolidator and disseminator of quote data in the over-the-counter equity market "OTC".

Vandham Securities, a market maker in many OTC Equity securities, strongly objects to FINRA's QCF proposal. Vandham believes that the creation of a QCF by FINRA is unnecessary, harmful to competition within the OTC equity market, and detrimental to investors and issuers. At a time when firms are struggling to maintain their operations in a terrible economy, the QCF will increase the cost of trading in OTC securities and provide no benefit to the marketplace for the increased cost which can and most likely will be passed along to customers.

FINRA is proposing to "create a QCF for OTC Equity securities for regulatory and transparency purposes that would serve as a data consolidator for all quote data in the OTC market." FINRA's assertion that its proposed QCF is necessary for the consolidation of quotation information for OTC equity securities is false. Currently there are two display facilities for OTC equities; the OTC bulletin board (OTCBB) run by FINRA and Pink Quote run by Pink OTC Markets. FINRA has indicated that it will cease operating the OTCBB, consequently there will be only one inter-dealer quotation service for the OTC market, Pink Quote. Therefore there is no need for FINRA to establish the QCF to achieve the goal of consolidated quotes.

Investors, market participants and regulators already have ready access to real-time data for OTC equities traded on an inter-market basis at a reasonable cost. Since 2004, Pink OTC has been purchasing FINRA market data for display in its systems. Currently Pink OTC publishes a consolidated NBBO in securities that are dually-quoted in the OTCBB and Pink Quote. Market data vendors that purchase market data from Pink OTC are contractually obligated to consolidate



quotations from Pink OTC with quotations published on the OTCBB. In contrast, FINRA has not been active in consolidating information from its inter-dealer system OTCBB with quotations from Pink OTC.

There is no regulatory need for the proposed QCF. Pink OTC makes all of the market data generated by its inter-dealer quotation system available to FINRA as its reporting agent for all its broker dealer customers. This data is provided to FINRA by Pink OTC free of charge through a real-time market data feed. This data is provided for regulatory purposes under existing Rule 6330. All of the information that FINRA would receive under the QCF is already sent to FINRA; therefore the QCF would provide no additional regulatory or surveillance benefits.

The creation of the QCF will immediately and measurably increase the costs of quoting OTC securities. Implementation of the proposal will create a four dollar quote position fee that will be applied to all OTC equity securities. Firms will not be able to execute against "quotes" in the QCF, but any firm placing a quote in Pink OTC will be required to pay an additional \$4 per month to FINRA. FINRA would then publish an NBBO in these securities through NASDAQ Level One feed. The NBBO shown on QCF will be a delayed replay of the information available in Pink OTC in real time. This delayed quote will have no value and is likely to cause confusion for investors, market participants and regulators alike. The scope of rules that would be affected by this is tremendous, including best execution, limit order display, and limit order protection, to name a few.

The proposed QCF carries with it additional risk of confusion for the investor and encouragement of fraud by issuers. Securities sold in the OTC market include unregistered securities and ADR's as well as securities registered with the commission. There are serious concerns that quotes disseminated through the NASDAQ Level One feed might give investors the false impression that FINRA operates a marketplace in OTC securities and regulates the issuers of those securities which they do not.

Vandham is also concerned about the quality of information that FINRA's QCF would provide to investors. FINRA's assertion that the QCF will give investors additional transparency is unfounded. Quotes in the QCF will carry an identifier that will distinguish between current reporting issuers, late reporting issuers and non-reporting issuers. Significantly more information is already being provided by Pink OTC which categorizes OTC equity securities by the quantity and quality of disclosure and provides superior information to aid investors in making informed investment decisions.

VANDHAM
SECURITIES CORP.

In closing, Vandham Securities questions whether FINRA has the authority to introduce a QCF. The Securities Exchange Act of 1934 requires FINRA to promote fair quotations, not provide them. Doesn't FINRA have enough on its plate already? I would like to quote from FINRA's web site: "*FINRA is the Financial Industry Regulatory Authority. We're an independent, not-for-profit organization with a public mission: to protect America's investors by making sure the securities industry operates fairly and honestly. We do that by writing and enforcing rules governing the activities of nearly 4900 securities firms with approximately 660,000 brokers. By examining firms for compliance with those rules. By fostering market transparency. And by educating investors.*"

FINRA is not a market data vendor and requiring market participants to pay a fee for data that is currently available and more in depth is a circumvention of FINRA's mission.

Vandham respectfully urges the Commission to reject FINRA's QCF proposal. We would be happy to answer any questions the Commission might have with respect to our comments.

Respectfully submitted,

Eugene P. Torpey Director of Compliance

Frank P. Catrini CEO

Christopher Catrini Head Trader

Timothy Barba Chief Financial Officer

Jayson Spitzer Chief Operating Officer

