Knight

Knight Capital Group, Inc.
545 Washington Boulevard
Jersey City, New Jersey 07310
Tel 201.222.9400
Fax 201.557.6853
Toll Free 800.544.7508
www.knight.com

November 16, 2011

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

Re: **SR-FINRA-2011-058 (34-65568)**
Proposed Rule Change to Amend FINRA Rule 6433 (Minimum Quotation Size Requirements for OTC Equity Securities)

Dear Ms. Murphy:

Knight Capital Group, Inc. ("Knight")[1] welcomes the opportunity to offer the Securities and Exchange Commission ("SEC" or "Commission") our comments on the proposed amendments by Financial Industry Regulatory Authority, Inc. ("FINRA") to the Minimum Quotation Size Requirements for OTC Equity Securities under FINRA Rule.

We are supportive of the goal of the proposal to make additional limit orders display eligible under FINRA Rule 6460. We do believe, however, that the non-exchange OTC marketplace is very different from the NMS market and the proposed tier size reductions will likely negatively impact liquidity offered in the OTC market.

Currently market makers are required to display minimum tier sizes that offer a minimum dollar value that is meaningful based upon the quotation and trading characteristics of the market. This requirement permits for meaningful liquidity to be available when client displayed limit order liquidity does not exist. We believe the proposed removal of meaningful minimum required dollar value levels of displayed liquidity by market makers will negatively impact the market. Additionally, this proposal could cause a severe degradation in the efficiency of trading, particularly in less liquid securities.

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[1] Knight Capital Group, Inc., through its subsidiaries, is a major liquidity center for foreign and domestic equities, fixed income securities, and currencies. On active days, Knight can execute in excess of ten million trades, with volume exceeding 15 billion shares. Knight's clients include more than 3,000 broker-dealers and institutional clients. Currently, Knight employs more than 1,300 people worldwide. For more information, please visit: www.knight.com.

The below chart details the impact of the change to the minimum dollar value required to be displayed by market makers under the proposal:

Current Tiers	Current Size Requirement	Current Minimum dollar value of displayed liquidity by MM	Proposed Tiers	Proposed Size Requirement	Proposed Minimum dollar value of displayed liquidity by MM
0/0.0001 - .5	5000	$0.50	0.0001 - .0199	10000	$1
0.51 - 1.00	2500	$1,275	0.02 - .2599	1000	$20
1.01 - 10.00	500	$505	0.26 - .5099	500	$130
10.01 - 100	200	$2,002	0.51 - .9999	200	$102
100.01 - 200	100	$10,001	1 - 174.99	100	$100
200.01 - 500	25	$5,000.25	175	1	$175
500.01 - 1000	10	$5,000.10			
1000.01 - 2500	5	$5,000.05			
2500 +	1	$2500 +			

This chart illustrates the significant decrease in the dollar value of liquidity that market makers would be required to offer at each tier level. Indeed, under the current proposal, market makers would be required to quote insignificant dollar values thereby creating additional operational and trading risks, without providing real value to the market.

Since these levels are significantly lower than the previous required liquidity levels, we urge FINRA to reconsider this proposal. We believe additional economic analysis around the proposed changes which study the expected impact to market liquidity are critical before finalizing any changes to tier sizes. This analysis should include, among other things, an examination of the impact on trading, clearing (e.g., the operational complexity of clearing increased volumes of smaller trades in non-DTC eligible securities), related costs, locked markets, access fees, trading efficiency and market participant behavior under the proposed reduced tier sizes.

Since the impact of this proposal could have far-reaching effects on the liquidity and efficiency of the OTC market, we respectfully request that the SEC carefully consider these issues after a comprehensive analysis of the data. After such analysis, if the SEC is inclined to move forward, we also suggest the SEC consider a limited pilot for the proposed rule, so as to assess the impact on the market quality and minimize the effects of any unintended consequences.

Finally, from an economic perspective, we do have concerns that any increase in costs to market making liquidity providers may further result in additional departures of market makers thereby causing further erosion of liquidity in the marketplace.

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In summary, we fully support efforts designed to improve the OTC market place, however, we believe that this proposal will have unintended consequences and it will not meet the desired goals of the proposed rule change.

Thank you for affording us the opportunity to comment on this rule proposal. We welcome the opportunity to discuss our comments with FINRA and/or the Commission.

Sincerely yours,

Michael T. Corrao
Managing Director

cc: Mary L. Schapiro, SEC Chairman
Luis A. Aguilar, Commissioner
Daniel M. Gallagher, Commissioner
Troy A. Paredes, Commissioner
Elisse B. Walter, Commissioner
Robert W. Cook, SEC Division of Trading and Markets
Richard G. Ketchum, FINRA
Thomas R. Gira, FINRA