

VANDHAM
SECURITIES CORP.

May 10, 2018

Re: SR-FINRA-2018-015

Dear Sir or Madam:

I am the Chief Compliance Officer of Vandham Securities. My firm is very active in the OTC Markets and also active in representing customer orders in Unsolicited Securities. I am requesting that the commission take a look at an issue that has come into play at Vandham on several occasions with regard to Tier sizes in Unsolicited OTC securities.

The issue is that when quoting on an Unsolicited basis in certain securities the Tier sizes restrict customers from ever trading their positions. Following are two scenarios that we have found in our trading department when quoting an Unsolicited security.

1. OTC Markets does not allow posting a quote in their system that is below the tier size for a security. To be more specific, Vandham receives an order in an Unsolicited security to sell 3500 shares of a security at 35 cents. This is below the tier size and will not allow the user to post a quote. This restricts the customer from ever transacting in that security.
2. On a similar situation, Vandham receives an order to sell 8500 shares of the same security at 35 cents. Since this order exceeds the tier size it is available to quote. Vandham then sells 5000 shares to another market maker reducing our sell order to 3500 shares. At this time, OTC Markets removes our quote since the remaining quantity of the order is below the tier size. Once again, the customer is harmed by restricting the sales of their position.

While we are in favor of making the tier sizes permanent, our position is that there should be NO tier sizes for Unsolicited securities. This would carry no benefit for the firm but would make it possible for customers to transact in Unsolicited securities.

I am available to answer any questions with regard to this.

Eugene P. Torpey



Chief Compliance Officer
Vandham Securities Corp.