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Ms. Nancy M. Morris, Secretary
Securities and Exchange Commission
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Rule-comments@sec.gov

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SR-NASDAQ- 2006-065

Dear Ms. Morris:

Here are my comments on NASDAQ's Portal proposal. This proposal to modernize the Portal market is mostly a good one. I am not now, nor have I ever been, a Qualified Institutional Buyer (QIB). However, as a retail investor, I invest through institutions that are QIBs. The improvements in the 144A market should increase liquidity in this segment, with direct benefits for issuers and QIBs and indirect but important benefits for those of us who invest indirectly through QIBs.

I do strenuously object, however, to the proposed restrictions on disseminating Portal information to the general public. The restrictions on subscribing to data in proposed Rule 6506(a) and (b) are contrary to the public interest and should be eliminated.

There is an old saying in securities regulation, "Sunlight is the best disinfectant." The proposed market is a dealer market very much like the ancient NASDAQ in the 1980s. Indeed, such a dealer market is appropriate for less liquid securities such as those in the Portal market. However, this same market structure gave rise to the scandals of the early 1990s. Those scandals, you may recall, were brought to light, by academics (among others). Without their ability to get access to market data, they probably would never have been able to do their research. By keeping market data a secret, the new market would make it less likely that observing eyes will spot problems. Opaqueness will also make it more likely that a new generation of dealers may try to recommit the misdeeds of yore.

An opaque market will increase the oversight burden of the SEC. The SEC will have to pay much more attention to the market if the watchful eyes of investors, journalists, and academics cannot be turned onto the market. Indeed, establishing a secret market will

provide fertile grounds for conspiracy mongers to mutter about malevolent misdeeds in the market. And lots of FOIA requests to the SEC for information about the marketplace.

It is appropriate to restrict trading to QIBs. Portal securities do not meet the same registration and reporting requirements that securities intended for the public markets must meet. QIBs are presumably able to do their own due diligence and decide whether or not to invest in such securities. Indeed, many of these securities are issued by large firms and sold outside the United States. If the 144A market did not exist in the US, QIBs would just buy this stuff outside the U.S.

However, there is no reason that the general public should not be able to subscribe to or otherwise obtain access to trading information in the market. There is no risk that the mom and pop investors will be defrauded by some bogus 144A deal, because the mom and pop investors are not QIBs and cannot buy this stuff even if they wanted to. The SEC currently allows mom and pop investors not only to look at, but also to buy unregistered securities through the Pink Sheets. And thanks to the internet, U.S. investors can also look at and buy securities on foreign exchanges as well. What earthly good can it do to make the Portal information a state secret?

The embargo on information will provide many compliance nightmares. Who exactly, should be allowed access to these state secrets and who not? Will news media be excluded? Will each person with access to this classified information need to be pre-screened in advance and registered with NASDAQ? Will a broker-dealer be prohibited from discussing Portal securities with a QIB-qualified but not yet certified-by-NASDAQ-QIB?

The Portal proposal is mostly a good one and should be approved quickly. However, NASDAQ should be encouraged to make the market as transparent as possible. The restrictions on the dissemination of data will only hurt investors in the market by making the market less liquid and more prone to abuse. And this will hurt the retail investors like me who invest indirectly through QIBs.

Furthermore, I have a minor procedural issue with the rulemaking process. Although the SEC release indicates that the text of the rule filing is available at www.nasdaq.com, it was difficult for me to locate the filing on the web site. I would like the SEC releases to indicate a more specific URL than just the home page of the market. I have also had similar problems finding the texts of rule filings on the web sites of other SROs as well.

Respectfully submitted,

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