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June 19, 2020

Ms. Vanessa Countryman
Office of the Secretary
U.S. Securities and Exchange Commission
100 F. Street N.E.
Washington, D.C. 20549

Re: **In the Matter of the Application of Alpine Securities Corporation**
Admin. Proc. File No. 3-18979

Dear Ms. Countryman,

Alpine Securities Corporation ("Alpine"), through undersigned counsel, submits this letter in response to the letter submitted by National Securities Clearing Corporation ("NSCC"), on June 10, 2020, in the above referenced administrative proceeding. In this letter, Alpine responds specifically to two arguments raised by NSCC's June 10, 2020 letter. First, NSCC maintains that its pending rule change application (File SR-NSCC-2020-003) ("Proposed Rule Change") moots this Application for Review ("Application"). Second, it asserts that the recent decision in *NASDAQ Stock Mkt., LLC v. S.E.C.,* NO. 18-1292, 2020 WL 3023116 (D.C. Cir. June 5, 2020), deprives the United States Securities and Exchange Commission ("SEC" or "Commission") of jurisdiction over Alpine's Application. Both arguments are erroneous and should be rejected.

A. Alpine's Application is Not Mooted by NSCC's Proposed Rule Change.

NSCC asserts that its Proposed Rule Change application would moot Alpine's application because the proposed rule would "eliminate the Illiquid Charge and modify other components of the Required Fund Deposit." This argument fails for two primary reasons.

First, NSCC's mootness argument is, at best, premature and unripe because the Proposed Rule Change has not been approved by the Commission and *may never* be approved. NSCC filed the Proposed Rule Change pursuant to Section 19(b)(1) of the Securities Exchange Act and Rule 19b-4 thereunder.[1] A proposed rule filed under Section 19(b)(1) does not "take effect unless approved by the Commission." 15 U.S.C. § 78s(b)(1).

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[1] NSCC filed its Proposed Rule Change on March 16, 2020, and it was published for comment in the Federal Register on March 31, 2020. *See* SEC Release No. 34-88885, May 15, 2020, at 1 (summarizing status of NSCC's

There is reason also to believe that NSCC's Proposed Rule Change may never be approved by the Commission. On May 15, 2020, the Commission issued an order "extending the 45-day period for Commission on the Proposed Rule Change" to give it additional time to consider it.[2] In the May 15, 2020 order, the Commission not only confirmed that the proposal contained in the Proposed Rule Change "shall not take effect until all regulatory actions required with respect to the proposal are completed," but also observed that it had received four comments letters to the Proposed Rule Change.[3]

Notably, all four of the comment letters raise substantial objections to implementation of the Proposed Rule Change.[4] Conversely, *no* industry participants have voiced their support for the Proposed Rule Change.

The comment letter filed by the Securities Industry Professional Association ("SIPA"), for example, raises many of the same concerns Alpine has raised in this proceeding about margin requirements that, by design, limit access to NSCC's essential services. For instance, SIPA emphasized the inherent biases in, and anticompetitive impacts of, the excessive charges NSCC/DTC imposes on small firms willing to clear microcap securities, of which the proposed enhanced volatility charge is but the latest example.[5] SIPA observed that the "skyrocket[ing]" "clearing deposits, minimums and fees" imposed by NSCC/DTC has caused the number of clearing firms available conduct business and access DTC/NSCC to shrink dramatically over the last decade, which in turn detrimentally impacts the small businesses and mom and pop investors who rely on this market.[6] SIPA ascribes this phenomenon to the monopolistic control that DTC/NSCC and its largest members have over the industry, and the concerted effort to wipe out the microcap securities market and eliminate competition from small firms and small businesses alike.[7]

SIPA emphasized also the lack of evidentiary support of actual risk to DTC/NSCC to warrant the proposed new volatility charges and other onerous margin requirements on microcap securities transactions, particularly where DTC/NSCC's modeling is vague and unproven, and the Proposed Rule Change provides no actual mathematical equations that can be evaluated against the alleged risks and potential economic burdens of the new charges.[8] SIPA also questioned NSCC/DTC's qualifications to make decisions of such wide ranging impact:

Proposed Rule Change), available at https://www.sec.gov/rules/sro/nscc/2020/34-88885.pdf. All citations to NSCC's Proposed Rule herein are to the version published in the Federal Register.

[2] *See* SEC Release No. 34-88885, May 15, 2020.

[3] *Id.* at 1 and n. 3.

[4] The comment letters were filed by Alpine, the Securities Industry Professional Association, Lek Securities Corporation, and Wilson-Davis & Co. *See* id. at 1 and n. 4. The comment letters are available at https://www.sec.gov/comments/sr-nscc-2020-003/srnscc2020003.htm.

[5] A copy of SIPA's comment letter is attached hereto as Ex. A.

[6] *Id.* at 2-4.

[7] *Id.*

[8] *See id.,* at 2-4.

> [T]here is significant bias in what is considered illiquid and what is not and [] DTC is in no position to make that determination . . . . *If DTC is long the stock in its safekeeping, the volatility should not matter* . . . ."[9]

(Emphasis added).

The concerns that have been raised by SIPA, Alpine and other commentators are significant, and the Commission has already signaled it intends to give the them careful consideration. Therefore, NSCC's request that the Commission treat the Proposed Rule Change as already passed by arguing that it moots or should further delay consideration of Alpine's pending Application should be rejected as speculative and baseless.

Second, even if the uniformly criticized Proposed Rule Change were to be approved by the Commission, it would still not moot Alpine's Application. The Proposed Rule Change seeks to eliminate the Illiquid Charge and replace it with an "enhanced" haircut-based volatility charge for, *inter alia,* "Illiquid Securities."[10] While Alpine's Application does seek review of NSCC's calculation and application of the current Illiquid Charge and Volatility Charge to Alpine, it also includes challenges to additional components of the Required Fund Deposit that NSCC applies to Alpine, including NSCC's determination of Alpine's Credit Risk Rating Matrix ("CRRM") rating, and mark-to-market charges, and "Excess Net Capital Premium ("ENCP") charges. These challenges would not be affected, much less mooted, by the Proposed Rule.

Additionally, NSCC's Proposed Rule Change carries over many of the same practices at issue in Alpine's Application, including the unexplained, irrational and arbitrary practice of imposing a fictional share value of $.01 on sub-penny securities – a practice that artificially and exponentially increases the Required Fund Deposit amounts – in calculating the "enhanced" volatility charge for Illiquid Securities.[11] The same issues regarding the microcap market bias, discriminatory and anticompetitive impact, and the sheer unreasonable amount of the charges on Alpine also persist. This is amply illustrated by NSCC's own acknowledgement that Alpine's daily Required Fund Deposit would increase by an average of 198% under the Proposed Rule Change, as compared to an estimated industry wide average increase of just 2.6%.[12] The Proposed Rule Change thus does not eliminate any of the underlying issues and Exchange Act violations identified in Alpine's Application; it continues and actually exacerbates them.

In general, "[a] case is moot when 'the challenged conduct ceases such that there is no reasonable expectation that the wrong will be repeated' in circumstances where 'it becomes impossible for the court to grant any effectual relief whatever to the prevailing party.' " *Citizens*

[9] *Id.* at 3.
[10] *See* Proposed Rule Change, at 2.
[11] *See* Proposed Rule Change, at 22.
[12] NSCC calculated both the estimated average increase to Alpine and industry wide by applying the enhanced volatility charge to Alpine's transactions over a year (November 1, 2017-October 31, 2018). Alpine refers the Commission to its comment letter to the Proposed Rule Change, in the link above, for additional details on the Alpine specific increase. NSCC detailed the average expected industry wide increase in the Proposed Rule Change, at 38.

for Responsibility & Ethics in Washington v. S.E.C., 858 F. Supp. 2d 51, 61 (D.D.C. 2012) (citation omitted).[13] The Proposed Rule Change does not meet this standard.

B. The *NASDAQ* Decision Does Not Preclude Alpine's Application

NSCC's alternative argument that the D.C. Circuit's decision in *NASDAQ* has a "preclusive effect on this proceeding" also fails. As an initial matter, the D.C. Circuit's decision in *NASDAQ* does not *preclude* this proceeding; that case involved different party applicants, a different SRO, a different SRO rule, and a different issue. Plainly, it does not bind the Commission to dismiss *this* action under preclusion principles.[14]

In *NASDAQ,* an "industry group," Securities Industry and Financial Markets Association ("SIFMA"), filed a petition under Section 19(d) to challenge rule changes by NYSE Arca, Inc. and Nasdaq Stock Market, LLC (the "Exchanges") involving fees that the Exchanges charge for their "depth-of-book" data. *NASDAQ,* 2020 WL 3023116, at *1-2. The Exchanges argued that "generally-applicable fee filings" cannot constitute prohibitions or limitations on access under Section 19(d) because that provision is limited to "review of actions targeting specific members." *Id.* at *2. The Commission disagreed, and the Exchanges appealed. On appeal, the D.C. Circuit held that "Section 19(d) is not available to challenge the reasonableness of generally-applicable fee rules." *Id.* at *1. However, the Circuit continued:

> It is conceivable that a fee may act as a "limit" on access to services under Section 19(d). But not every fee is, by mere virtue of being a fee, challengeable as a "limit" on access to exchange services under Section 19(d). Rather, we hold that for a fee rule to be challengeable under Section 19(d), it must, at a minimum, **<u>be targeted at specific individuals or entities</u>**.

Id. at *4.

The *NASDAQ* decision is also distinguishable from the present case in a number of key respects such that it should not be viewed as dispositive of the issues presented here. First and foremost, it is notable that until the *NASDAQ* decision issued, NSCC took the position that "***[t]he Challenged Margin Components are not 'fees.'***"[15] Its sudden switch to try force this case under the *NASDAQ* holding should be viewed with a dubious eye in evaluating its position.

Second, the margin charge components at issue here are not "generally-applicable fees rules." Unlike the *NASDAQ* decision, the Required Fund Deposit charges at issue in this case are targeted to a very specific set of circumstances that, to our knowledge, apply only to Alpine.

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[13] *In the Matter of Am. Elec. Power Co., Inc.*, SEC Release No. 28084, 2006 WL 305806, at *2 (Feb. 9, 2006) ("An issue becomes moot if intervening events leave the parties without a 'legally cognizable interest' in the resolution of the issue, such as when intervening events make it impossible to grant the prevailing party effective relief.")

[14] Moreover, other courts may disagree with the D.C. Circuit's interpretation of Section 19(d), particularly in a different context. After all, the Commission has consistently taken the position that excessive fees can constitute a limitation or prohibition on access reviewable under Section 19(d).

[15] *See* NSCC's Brief Addressing Timeliness and Jurisdiction, January 21, 2020, at 12.

As detailed in Alpine's Application and related briefing, NSCC calculates and imposes a unique Required Fund Deposit charge on Alpine on a daily basis. Both the components of the Required Deposit and the amounts of the charges that are applied to Alpine are based upon NSCC's view of the characteristics of Alpine, and the number and types of transactions it clears – i.e., microcap transactions. For example, in determining Alpine's daily Required Deposit Amount, and the Illiquid Charge component in particular, NSCC relies heavily on the CRRM rating that it has assigned to Alpine based upon a secret formula of quantitative *and* qualitative factors, in undisclosed proportions, that purports to be based on characteristics that are unique to Alpine.[16] NSCC has assigned Alpine a CRRM rating that does not allow Alpine to utilize the "DTC offset" to avoid the Illiquid Charge on its net sell positions, even though Alpine is long the position at DTC, and there thus is zero actual risk of trade default or failure to deliver by Alpine as the selling broker.[17] By contrast, a larger firm, which NSCC assigns a stronger CRRM rating, under otherwise identical facts, would not pay the Illiquid Charge. The Required Fund Deposit charges at issue are thus not "generally-applicable fees," they are specially calculated and applied against Alpine.

Third, as indicated in Alpine's Reply Brief Regarding the Timeliness of Alpine's Application for Review and Commission Jurisdiction, filed February 11, 2020, starting in July of 2019, NSCC increased Alpine's Required Fund Deposit to arbitrarily round amounts (between $2.3 million and $3 million).[18] These new Required Deposit charges do not purport to be based on the Required Fund Deposit rules and formula, but rather are targeted charges imposed only on Alpine based on NSCC's unilateral view of Alpine.

NSCC thus does not treat the Required Fund Deposit charges in a uniform manner. Not all NSCC members are required to pay the same amount to access NSCC's CNS system. Rather, NSCC calculates and imposes these charges on a participant and transaction specific basis, with the amount charged directly tied to NSCC's apparent perception of the member and their NSCC-assigned credit rating. And, in Alpine's case, NSCC has calculated and imposed margin charges that are so high in comparison to the transaction amounts that it artificially limits the number of trades Alpine can process for its customers each day. This is a situation that is far removed from the generally applicable fees at issue in *NASDAQ*.

C. Alpine Requests that the Commission Promptly Review and Act on Alpine's Petition for Rulemaking.

For the reasons stated, the *NASDAQ* decision is distinguishable from the present case, and does not preclude Alpine's Application. However, in the event the Commission disagrees,

[16] The objective or "quantitative" factors include such items as total excess net capital; capital, leverage, liquidity and profitability – i.e., size. The subjective or qualitative factors include items such as market position and sustainability, management quality, capital and liquidity management, geographic and business/product diversity, and access to funding. *See* NSCC Rules and Procedures, Rule 1, at p. 5

[17] Before Alpine submits a trade for processing through CNS, it clears the underlying security with DTC and locks the trade in with the counterparty on CNS.

[18] Ex. B to NSCC's Brief Addressing Timeliness and Jurisdiction, filed January 21, 2020, also contains charts detailing these arbitrarily rounded Required Deposit charges.

Alpine respectfully submits that it is imperative that the Commission promptly review and act on Alpine's Rulemaking Petition with Respect to NSCC, Admin. File No. 4-738 (December 19, 2018). The Rulemaking Petition was filed nearly a nearly a year and half ago, and Alpine has received no response from the Commission. In the meantime, Alpine's business has continued to suffer from the exorbitant Required Deposit charges. If the Commission determines that the *NASDAQ* decision controls its disposition of Alpine's Application, then the Rulemaking Petition may be Alpine's only avenue of relief from charges that violate the Exchange Act. Until the Commission acts upon that Rulemaking Petition, however, Alpine is stuck in limbo.

Accordingly, Alpine respectfully requests that the Commission reject NSCC's supplemental arguments and rule upon both Alpine's Section 19(d) Application and Alpine's Rulemaking Petition.

Respectfully submitted,

PARSONS BEHLE AND LATIMER

Aaron D. Lebenta
Brent R. Baker

MARANDA E. FRITZ, PC

Maranda Fritz

EXHIBIT A

Via the SEC Portal

Ms. Vanessa Countryman
Office of the Secretary
U.S. Securities and Exchange Commission
100 F. Street NE
Washington, D.C. 20549

Re: Comment Letter to SEC Release No. 34-88474; File No. SR-NSCC-2020-003

Dear Ms. Countryman:

The Securities Industry Professional Association ("SIPA") hereby submits its comment letter to SEC Release No. 34-88474, File No. SR-NSCC-2020-003 (the "Proposed Rule").

Background of SIPA

The SIPA was formed in December 2007 in response to the proposed merger of NYSE and NASD. The organization is a membership organization that is largely an internet group of broker dealer and registered representatives and investment advisors. Currently we have approximately 1,200 owners of FINRA registered firms as members and 20,000 investment professionals who regularly receive updates, opinions and in many case solutions to complicated regulatory issues. In addition, the SIPA sponsors and endorses certain members to run for FINRA positions, often times on a contested basis. Since 2008, SIPA has put approximately 25 of its members on the FINRA board of Governors and National Adjudicatory Council Boards. Currently three members of the FINRA Board of Governors are members of the SIPA. The goal of SIPA has always been to be the voice of the small broker-dealer and to make sure they are not facing burdensome and expensive regulation. The SIPA and its members view things from a much different perspective than large firms and talk very bluntly because their very livelihood is affected. A few such examples are the expensive burdens placed on small firms (150 or fewer brokers) because of the sins and extravagant abuses of the large firms (600 or more brokers) on Wall Street. Due to accounting abuses of the largest firms, the SEC and FINRA instituted PCAOB accounting standards for all firms, which the SIPA has been fighting for relief from for over a decade. A yearly audit for a small firm quickly went from $3,000.00 to as much as $50,000.00 due to accounting scandals at the largest Wall Street brokerage firms and banks. E-mail archiving is another example of a burdensome and expensive regulation put on small firms because the largest Wall Street firms were destroying e-mails while they were endorsing stocks publicly, they were quietly liquidating their own internal positions. One former Solomon Smith Barney research analyst admitted that he was *"Putting lipstick on this pig"* so they could sell their stock before their clients. As a result of this small firms with one or two employees have to spend $5000 or more to archive all e-mails.

These are just a few of the dozens of examples of expensive burdens put on small firms for the sins of the large ones. However it is our view that the single largest expense put on small firms

is the lack of clearing firms available to conduct business and access to DTC/NSCC. As a former CEO of a correspondent clearing firm, I have witnessed the complete dismantling of the clearing industry into a precious few. Whereas years ago I would solicit introducing firms to consider using my firm's services, today there are little or no choices. Clearing deposits, minimums and fees have sky rocketed while the number of FINRA registered firms has been cut in half from over 6000 to under 3000 firms today and shrinking. The number one reason for this is the monopoly that has been created by DTC and its largest members. It's for this reason we would like to voice our concern and as always our solutions for the problems facing the small firm industry. However, I caution you that we voice our opinion in a much different way than lawyers and scholars. We call things like they are and are less concerned with hundreds of pages of legal opinions from people who have never owned a brokerage firm, written an order ticket or had to make payroll after the mountain of regulatory expenses are taken out of monthly commissions

Concerns over the Impact of the Volatility Charge

Regarding the Volatility charge, perhaps it is time we ask DTC/NSCC to explain why there is a need to have this charge when in fact DTC is a monopoly that can print money much like the U.S. Government is right now in response to the Chinese Corona virus that is destroying our current economy. DTC is a membership group that is controlled by the largest Wall Street banks and all decisions of DTC come from them, not the imaginary board of directors listed on their web page (https://www.dtcc.com/about/leadership/board) While the members of this board have an impressive and diverse background, they will not do anything unless the largest Wall Street Banks and Brokerages agree to it. How do I know I'm not speculating? Because if this was a truly independent board they would have kicked Merrill Lynch, Goldman Sachs, JP Morgan and others out of DTC membership after the debacle of 2008 when taxpayers had to ante up a trillion dollar loan to keep them afloat. This is not speculation, this is well documented fact. At one point Merrill Lynch/Bank America was 80 Billion under water, yet they remained DTC members in good standing. With over a trillion dollars spent to keep these firms afloat, DTC was never the less able to survive these losses and the volatility of the many derivatives of securities outstanding.

Somehow DTC was able to survive and thrive despite these incredible losses by its largest customers, but today they are incredibly concerned by the volatility of micro-cap securities? One would think that DTC's biggest concern would be the fact that the market has shed trillions of value in the last two months but we are to believe that calculations over a micro-cap stocks deposited and held as a long position is of the utmost importance in April 2020. DTC holds members funds and deposits and almost never takes a loss. In fact year after year they refund back to participants money they have made from various fees. DTC is literally indestructible due to the fact they have no competition in the United States. EuroClear is its closest competition but that is based in Brussels. In other words, DTC is a monopoly that has been allowed to prosper and flourish with no competition and is controlled by the largest banks and brokerages on Wall Street and are now considered an essential part of our economy and would be bailed out by the U.S. Treasury if the need for capital ever arose. In the opinion of the SIPA,

this is yet another attempt to add more expenses that they know will effect smaller firms, thus eliminating further competition to the top tier firms. In DTC's submission they state that the definition of an illiquid security is a "*security that is not listed on a specified exchange*". That would basically increase the monopoly of the largest firms who not only own and control DTC but also now own and control all of the major exchanges, like the NYSE. In addition DTC conveniently exempts Exchange traded funds and ADR's from illiquidity. This is also very convenient because the groups putting these exchange traded products together are the same group of Banks and Brokerages who control Wall Street and DTC. In 2008, Auction Rate Securities (ARS) were packaged by the same group, yet they were not deemed illiquid. These same ARS packages were literally frozen in place for over a year with no sales available.

It is the SIPA's opinion that there is significant bias in what is considered illiquid and what is not and that DTC is in no position to make that determination as we just outlined. The world is rapidly changing, especially with this pandemic, so the stock that barely traded today may surge tomorrow. The oil ETF with huge volume from two months ago will have little volume today. This DTC charge for Volatility is nothing more than sham in the SIPAs opinion and is directly aimed at destroying the micro-cap issuers and brokerage firms. If DTC is long the stock in its safekeeping, the volatility should not matter, thus we oppose this.

Concern over Calculation of Volatility Charge for Sub-penny Securities and the Destruction of Crowd Funding/the JOBS Act

The JOBS act of 2012 was passed to stimulate and grow our small businesses. Part of the JOBS act was the creation of '*crowd funding portals'* which allowed small businesses and small investors to pool money together. The SIPA praised this passage at the time, but after taking years to implement it and then looking at the costs associated with it we realized that DTC was killing this important piece of legislation without the authority of Congress. In a sense, DTC, controlled by the largest banks and brokerages has become powerful enough to crush a duly signed act by the U.S. Government because the largest banks don't want companies to fund themselves. They believe all investment banking must go through them and their coffers. To crush the JOBs act they have worked with DTC and regulators to make it incredibly expensive for firms to conduct this business and thus investors are being punished in ways they never imagined. Due to over regulation in the micro-cap equity business clearing firms, after years of being fined and suspended by the SEC and FINRA have either eliminated these securities or have made it so cost probative that only the very wealthiest of hedge funds or individuals may participate. The JOBS act was to allow investors with as little as $2000.00 to invest directly with issuers. Obviously in today's world a small family will not be getting allocations of an IPO for FaceBook or Uber from the largest Wall Street firms and reap the benefits of getting in on the ground floor, but they can reap the benefits on getting in on perhaps the next great Silicon Valley Application, or Life Science Company. I will illustrate for your understanding how the JOBS act has been crushed unconstitutionally by DTC:

An investor who meets the threshold for Crowd funding decides to invest $**<u>2500.00</u>** into a small business he read about through a portal. The business uses the money (combined with other investor funds) and launches its new design and product and begins to flourish. After a year or two the company announces they made requisite filings and disclosures and now has the stock symbol **JOBS**

The excited investor receives a stock certificate for **10,000 JOBS** and looks up the symbol and it's trading for $.25 cents per share on OTC Markets representing a market value on his shares of **$2500.00** or 25% above his original investment in short period of time. When he attempts to deposit his shares he discovers his online account won't take the stock certificate because it is a micro-cap stock. He finally finds a firm that will take the stock in to clear it for him however due to increased regulatory costs, the firm informs him of the following:

- $1500 deposit fee (sometimes more) to review the stock for possible AML or other legal requirements imposed by regulations.
- A new account opening fee
- A charge of 4.% commission to make the trade even viable for the introducing broker dealer
- A ticket charge placed on the transaction by the Clearing firm
- Execution charges from FINRA SEC and the market making firm
- He may face multiple ticket charges or restrictions because DTC is concerned the stock is illiquid or volatile and clearing firms pass this charge on.

When all is said and done our young investor who thought he made a 25% profit on his $2000.00 investment will be lucky if this liquidation nets him $**<u>1200.00</u>** when all fees are said and done. This is killing the small investor and in turn the small brokerage firms in the United States as well as the small businesses and the SIPA believes DTC is complicit in helping eliminate the JOBS act and or circumventing its usefulness. When a $500.00 profit turns into an $800 loss, we have a problem.

Concern over Calculation of Volatility Charge Model

In its request DTC references a complex VarCharge model that will be used to calculate the various restrictions they want to put in. They said it is based upon risk specific model, which already alarms the SIPA and its members. As we have seen recently with Covid -19, everyone has a "*mode*l" and claims theirs is the correct one to use. How do we know which one is correct, which one is bogus and which one is wrong? Currently 22 million Americans are out of work and many millions more will soon join them based on *'models*' that right now seem to have been highly flawed. DTC in its proposal to the commission, offered no proof that their '*model*' would be correct or efficient and quite frankly what it would accomplish. We are quite concerned that equations are not being offered for review and instead we are being told there

is a model and we intend to use it as we deem fit and just trust us that the calculations exist. Quite frankly, we would like to see EXACT mathematical equations put forth in simple easy to read and compute formula and THEN have DTC explain why this is the most important issue facing DTC in this incredible time we are all facing. We would urge the commission to reject these changes for being further harmful to businesses, investors and the few remaining brokerage firms or in the alternative consider an alternative solution from the SIPA and its members.

Solution

As we have outlined previously, we believe DTC is operating as monopoly. There are no alternatives to DTC in America today, you must use their services even if you don't want to. This is a violation of the Anti-Trust act but is even more disturbing when you consider the fact that they have little to no oversight and are controlled by a small number of the largest Wall Street Banks and Brokerages. The number of alternative options for investors and brokerage firms has shrunken significantly in the last ten years. The stock market until recently has gone from a DJIA of around 9,000 to a DJIA of nearly 30,000 a few short months ago. In any other industry we would see a plethora of new brokerage firms opening up to be part of this surge, yet the exact opposite has happened. Instead, our industry is being choked out by DTC and regulation and Correspondent clearing firms are squeezing small firms out of business by refusing to take them on as a correspondent or raising their deposits and monthly minimums to such extreme levels that they end up closing their door. We would ask the commission to consider two solutions:

1: Approve an Alternative clearance and settlement company that can compete with DTC and its companies.

There are many clearing firms that would be willing to form a new clearance and custodian group that can offer many if not all of the same services as DTC. It is now 2020 not 1990 and technology has changed so much that there is no longer this great mystery on how to clear stocks. It is high time we allow another company to be formed. There are many smaller members of DTC who would leave in a heartbeat if there was an alternative but currently there is not. DTC is a monopoly and we believe the Department of Justice should be looking into this for violations of anti-trust laws. In the alternative if the commission would approve an alternative then DTC would be free to make all rules, restrictions and '*models*' they want, but participants would have an alternative. It is quite obvious that DTC does not want micro-cap securities, so why not let another group handle micro-cap clearance. In some ways DTC is acting as a regulator and forcing firms and issuers out of business without any governmental oversite. Electric companies across the country are being told they cannot turn off electric for customers in arrears due to the corona virus and the fact that electric companies have government oversight. DTC however is putting issuers out of business, stomping all over the JOBS act without authority and doing it all without true government oversight. We believe the

commission should seek proposals for an alternative to DTC and allow groups like the SIPA to work with other groups to form this entity.

2: Approve additional correspondent and/or self-clearing firms

The shortage of correspondent clearing firms is glaring and the ability and power of correspondent clearing firms over introducing firms has hit its peak. There are few options left for small introducing brokers to consider and even when they do try to get an agreement with a Clearing firm they are often rejected because the few correspondent firms left have already corralled the largest broker firms into their stable, thus they do not need smaller firms. This once again hurts small investors who do not meet the minimum account opening requirements at the larger firms. As mentioned earlier, I was once CEO of a correspondent clearing firm in the early to mid-2000's. I spent considerable time jockeying with competition to get small FINRA broker dealers to use my service. Today there is a mere fraction of the number of correspondent clearing firms that I competed with. The time has come to approve more clearing firms and allow them to make their own decisions on the types of securities they want to transact in or clear. These same firms could then use DTC or an alternative to settle all transactions. Under this current monopoly, an introducing firm has perhaps one to two choices of where they can clear trades and all trades must go through DTC rules and regulations. This is anti-business and anti-American in our opinion. Now more than ever with businesses collapsing across America we need brokerage firms who can raise money from companies, clear transactions and not be restricted from unelected groups like DTC who are hindering the ability to trade in stocks that are following the laws established by the Securities and Exchange Commission. The SEC is a government entity and you are allowing DTC to unilaterally chill, freeze or add expenses based on their whim not on existing security laws.

We thank you for letting us respond and we would ask respectfully that you consider our solutions for additional alternatives to DTC and also our request for approval of more clearing firms. In the meantime we would ask that you respectfully put a hold on DTC's request.

Respectfully submitted,

John Busacca
Founder
The Securities Industry Professional Association

UNITED STATES OF AMERICA
Before The
SECURITIES AND EXCHANGE COMMISSION
June 19, 2020

In the Matter of	:	
ALPINE SECURITIES CORPORATION, a Utah limited liability Company	:	**CERTIFICATE OF SERVICE**
For Review of Adverse Action Taken By	:	
NATIONAL SECURITIES CLEARING CORPORATION	:	

AARON D. LEBENTA, HEREBY CERTIFIES PURSUANT TO the SEC's March 19 order In re: Pending Administrative Proceedings, that, on June 19, 2020, he caused Alpine Securities Corporation's June 19, 2020 Letter to the SEC to be served by the following means:

1. By electronic mail, directed to Vanessa Countryman at the Office of the Secretary for the U.S. Securities and Exchange Commission at apfilings@sec.gov.
2. By electronic mail, directed to Greg Mashberg and Brian A. Hooven at GMashberg@proskauer.com and BHooven@proskauer.com.
3. By U.S. Postal Service, by means of Express mail, directed to Brian A. Hooven and Greg Mashberg of Proskauer, Eleven Times Square, Eighth Avenue & 41st Street, New York, NY 10036-8299.

4. By electronic mail, directed to Maranda E. Fritz of Maranda E. Fritz, PC at maranda@fritzpc.com

This 19th day of June 2020

/s/ Aaron D. Lebenta_
Aaron D. Lebenta