

Petition for Rulemaking: Amendment to Rule 15c2-11 to Establish Automatic Proprietary Quote Eligibility for OTC Issuers Current in Disclosure Obligations

Submitted by:

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Submitted to:

Securities and Exchange Commission

100 F Street, NE

Washington, D.C. 20549

Attention: Secretary, Securities and Exchange Commission

Re: Petition for Rulemaking Pursuant to Rule 192 of the Commission's Rules of Practice (17 CFR 201.192) — Proposed Amendments to Exchange Act Rule 15c2-11 (17 CFR 240.15c2-11) to Remove Form 211 and Broker-Dealer Review Requirements as a Condition to Proprietary Quote Eligibility for OTC Issuers Current in Their Disclosure Obligations

I. Introduction and Statement of Interest

Pursuant to Rule 192 of the Commission's Rules of Practice [17 CFR 201.192], the undersigned petitioner hereby requests that the Securities and Exchange Commission ("Commission") propose amendments to Rule 15c2-11 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") [17 CFR 240.15c2-11], to provide that any issuer of an OTC-quoted equity security that is current and in compliance with its applicable disclosure obligations under the Exchange Act or the Commission's alternative reporting standards shall automatically be eligible for proprietary broker-dealer quotations without requiring a broker-dealer or market maker to separately file a Form 211 with FINRA, conduct an independent Rule 15c2-11 review, or obtain a separate determination of eligibility.

Jake P. Noch submits this petition in his capacity as Managing Director of Jake P. Noch Family Office, LLC, a single-family office with direct and material interests in the OTC equity markets, including holdings in Exchange Act reporting issuers whose securities are quoted on OTC Markets. Jake P. Noch Family Office, LLC has a direct financial and market-access interest in the Commission's regulation of OTC proprietary quotations, and submits this petition in the public interest consistent with the Commission's longstanding investor protection mandate, its recent rulemaking trajectory under Chairman Paul S. Atkins, and the Commission's own precedent in providing categorical exemptive relief from Rule 15c2-11 for fixed-income securities sold in reliance on Rule 144A under the Securities Act of 1933 ("Securities Act"). As

the Commission acknowledged in that exemptive order, issuer disclosure obligations — when current and publicly available — are themselves sufficient to satisfy the investor protection rationale underlying Rule 15c2-11. That logic applies with equal or greater force to OTC equity issuers that are actively meeting their ongoing disclosure obligations.

II. Background and Current Regulatory Framework

A. Rule 15c2-11 and the 2020 Amendments

Rule 15c2-11 governs the publication or submission of quotations by broker-dealers for securities traded in the over-the-counter market. In its original form, the Rule was designed to deter broker-dealers from initiating or resuming quotations for OTC securities that could facilitate fraudulent or manipulative schemes — particularly in cases where no current public information about the issuer was available.

In September 2020, the Commission adopted sweeping amendments to Rule 15c2-11, effective September 28, 2021, significantly modernizing the Rule's disclosure requirements. The 2020 amendments require broker-dealers to review current and publicly available issuer information before initiating or resuming quotations, and they prohibit continued proprietary quotations where current information is not publicly available. As a practical consequence, thousands of OTC-quoted issuers lost proprietary quote eligibility following the 2020 amendments' effective date — including issuers that had previously maintained active trading markets but fell into non-compliance with the Rule's disclosure review gating mechanism.

The current framework requires that, in order to regain proprietary quote eligibility, a broker-dealer must:

1. Identify the issuer's current publicly available disclosure documents;
2. Conduct an independent review and satisfy itself that the information is accurate and from a reliable source;
3. File a Form 211 with FINRA and receive FINRA clearance before initiating or resuming a proprietary quotation; and
4. In certain cases, satisfy applicable state "blue sky" requirements.

This multi-step process imposes significant costs and friction on the market even in cases where the issuer is fully current in its Exchange Act reporting or OTC disclosure obligations and where current, audited, publicly available information exists in abundance. The Form 211 review process can take 30 to 90 days or longer, during which time shareholders of current, reporting issuers are deprived of orderly market access and price discovery through proprietary quotations.

B. The Commission's March 2026 Proposed Amendments

On March 16, 2026, the Commission proposed amendments to Rule 15c2-11 that would formally limit the Rule's scope to equity securities, confirming what Chairman Paul S. Atkins described as "what was always understood: Rule 15c2-11 applies to equity securities." This proposal represents a continuation of the Commission's effort to appropriately tailor the Rule to fit the asset class to which it applies. This petition builds upon that same principle: Rule 15c2-11's underlying investor-protection rationale is already fully satisfied — and therefore its procedural gating requirements become redundant and harmful — when an issuer is current in its publicly available disclosure obligations.

C. The Commission's Categorical Exemption for Rule 144A Fixed-Income Securities

In October 2023, the Commission issued an exemptive order granting permanent categorical relief from Rule 15c2-11 for fixed-income securities sold in compliance with Rule 144A under the Securities Act ("Rule 144A Fixed-Income Exemption"). The Commission extended and further codified this relief through a November 2024 no-action letter issued by the Division of Trading and Markets. In granting this relief, the Commission made a series of findings that are directly applicable to the present petition:

- The investor protection purpose of Rule 15c2-11 is satisfied where an alternative disclosure and information-access regime already governs the securities at issue;
- Broker-dealers trading Rule 144A fixed-income securities are not required to conduct independent Rule 15c2-11 reviews because investors in such markets are sophisticated, well-informed, and have access to adequate current information about issuers;
- Categorical, automatic exemptive treatment — rather than a security-by-security Form 211 review — is appropriate where the class of securities is subject to adequate information availability standards; and
- The Form 211 process and broker-dealer review obligations of Rule 15c2-11 are not necessary where an alternative regime already ensures current information is publicly available.

The Commission's logic in the Rule 144A Fixed-Income Exemption applies with even greater force to OTC equity issuers that are current in their Exchange Act or OTC Markets disclosure obligations. An OTC reporting issuer that files current annual and quarterly reports with the Commission — or that publishes current disclosure under the OTC Markets Alternative Reporting Standard — has made its financial condition, management, and material developments publicly available to all market participants, without restriction. This disclosure is no less robust, and in many respects more broadly accessible, than the private placement memoranda and offering documents available to Qualified Institutional Buyers ("QIBs") in the Rule 144A market.

III. Statement of the Problem

The current Rule 15c2-11 framework creates an unjustifiable asymmetry in market access for OTC equity issuers. An issuer that is fully current in its reporting obligations — timely filing 10-Ks, 10-Qs, and 8-Ks with the Commission, or maintaining current OTC disclosure — is nonetheless required to rely on a broker-dealer to independently re-initiate the Form 211 process before proprietary quotations can resume or be established. This gating mechanism produces the following market distortions:

1. **Market access denial for compliant issuers.** Issuers that have worked diligently to come into or remain in compliance with their disclosure obligations are penalized by the absence of proprietary quotes, not due to any continuing disclosure deficiency but solely due to the administrative burden of the Form 211 process.
2. **Investor harm.** Shareholders of current, reporting issuers are denied the price discovery, liquidity, and best-execution benefits of proprietary broker-dealer quotations. They are instead relegated to the Expert Market or unsolicited-quote-only trading, which restricts participation to sophisticated market participants and creates wider bid-ask spreads and diminished liquidity.
3. **Competitive disadvantage relative to exchange-listed and 144A issuers.** Exchange-listed issuers face no Rule 15c2-11 obligations. Rule 144A fixed-income issuers have been permanently exempted. Yet OTC equity issuers — even those current in Commission-supervised disclosure regimes — continue to bear the full burden of the Rule's procedural gating requirements.
4. **Disproportionate burden on small issuers.** The Form 211 process and broker-dealer review requirements impose costs that are disproportionately borne by smaller OTC issuers, precisely the segment of the market that most depends on accessible and efficient capital markets for liquidity.
5. **No marginal investor protection benefit.** Where an issuer is current in its disclosure obligations, the broker-dealer review required by Rule 15c2-11 provides no marginal investor protection benefit. The current information that a broker-dealer would review under Rule 15c2-11 is identically the current information the issuer has already made publicly available to all market participants under its applicable reporting regime.

IV. Proposed Amendments

A. Amendment to Rule 15c2-11(a) — Automatic Proprietary Quote Eligibility for Current Reporting Issuers

The petitioner requests that the Commission propose amending Rule 15c2-11(a) to provide a new categorical eligibility exception, structured as follows:

Proposed Rule 15c2-11(a)(X) — Disclosure-Current Issuer Exception:

A broker or dealer may publish or submit a quotation for a security in a quotation medium without complying with the information review, determination, and Form 211 filing requirements of paragraph (a) if:

- (i) The issuer of the security is current in its reporting obligations under Section 13 or Section 15(d) of the Exchange Act and has filed all required annual reports, quarterly reports, and current reports within the applicable filing deadlines, with no delinquency outstanding for a period in excess of 30 days; or
- (ii) The issuer of the security has made current and publicly available disclosure documents meeting the standards set forth in Rule 15c2-11(b) through an established OTC Markets disclosure platform, a Commission-recognized alternative reporting standard, or the issuer's publicly accessible corporate website, and such disclosure has been verified as current by the relevant quotation medium or OTC Markets Group; and
- (iii) No stop order, trading suspension order, or Commission-issued trading restriction is in effect with respect to the issuer's securities.

B. Elimination of Form 211 Requirement for Disclosure-Current Issuers

The Commission should further propose to amend Rule 15c2-11 and coordinate with FINRA to amend FINRA Rule 6432 to eliminate the requirement that a broker-dealer file a Form 211 with FINRA before initiating or resuming proprietary quotations for a security whose issuer qualifies under the Disclosure-Current Issuer Exception proposed in Section IV(A) above.

Under this proposed amendment, a market maker that intends to initiate or resume proprietary quotations for a disclosure-current issuer would be required only to:

1. Confirm, through review of the OTC Markets Group disclosure database, the Commission's EDGAR system, or other Commission-recognized disclosure platform, that the issuer's disclosure is current as of the date of quotation initiation; and
2. Retain a written record of that confirmation, consistent with applicable books and records requirements under Exchange Act Rules 17a-3 and 17a-4.

No Form 211 pre-clearance from FINRA would be required for issuers meeting the disclosure-current standard.

C. Codification of Issuer-Maintained Website Disclosure as a Qualifying Disclosure Pathway

Consistent with the Commission's existing framework for alternative reporting issuers, the proposed amendments should codify that disclosure published by an issuer on its own publicly accessible website, meeting the content standards of Rule 15c2-11(b), constitutes a qualifying source of current publicly available information for purposes of the Disclosure-Current Issuer Exception. This ensures that issuers are not forced into a single gatekeeper relationship as a precondition for market access.

V. Legal and Regulatory Basis

A. Consistency with Exchange Act Section 15(c) Authority

Section 15(c)(2) of the Exchange Act authorizes the Commission to adopt rules to define, and prescribe means reasonably designed to prevent, acts and practices by broker-dealers that are fraudulent, deceptive, or manipulative. Rule 15c2-11 was promulgated under this authority. The proposed amendments are within the Commission's rulemaking authority because they narrow the Rule's application to circumstances where the anti-fraud and anti-manipulation rationale has independent force — i.e., where current public information is *not* available — while removing the Rule's procedural burden where the issuer's current disclosure makes the broker-dealer review process redundant.

B. Consistency with the Commission's Own Precedent on 144A Fixed-Income Securities

The Commission's October 2023 exemptive order and November 2024 no-action letter established the principle that categorical, automatic exemptive treatment from Rule 15c2-11 is appropriate where an alternative information regime adequately protects investors. The Commission stated explicitly that the Rule 144A exemption was granted because investors in that market have access to adequate information about the issuer and the securities, rendering independent broker-dealer review redundant. An OTC issuer that is current in Exchange Act reporting provides broader, more publicly accessible disclosure than is available in a Rule 144A transaction restricted to QIBs. The Commission cannot, consistent with its own reasoning, continue to require Form 211 review for current OTC reporting issuers while having permanently exempted Rule 144A fixed-income issuers from the same obligations.

C. Consistency with the Commission's March 2026 Proposed Amendments

The Commission's March 2026 proposed amendments to Rule 15c2-11, which would formally limit the Rule's scope to equity securities, confirm that the Commission is actively engaged in right-sizing the Rule's application. The proposed rulemaking requested herein is the natural complement to that reform: having limited the Rule's asset-class scope, the Commission should also limit the Rule's procedural burden to circumstances where it serves a meaningful investor protection purpose — which, by definition, does not include issuers that are current in their disclosure obligations.

D. Administrative Procedure Act

Adoption of the proposed amendments would constitute a substantive rulemaking subject to the notice-and-comment requirements of the Administrative Procedure Act [5 U.S.C. § 553]. The Commission is respectfully requested to initiate a formal notice-and-comment rulemaking in accordance with those requirements, including publication of the proposed rule text in the Federal Register and a public comment period of not less than 60 days.

VI. Investor Protection Safeguards

The petitioner recognizes the Commission's investor protection mandate and proposes that the following safeguards be incorporated into the rule amendments to ensure that automatic proprietary quote eligibility does not inadvertently facilitate fraud or manipulation:

1. **Commission stop order and trading suspension override.** The Disclosure-Current Issuer Exception shall not apply to any security subject to an outstanding Commission stop order, trading suspension, or similar regulatory restriction. A broker-dealer that discovers an active restriction must immediately cease proprietary quotations and not resume them without separate Commission or FINRA clearance.
2. **Ongoing disclosure currency requirement.** Automatic proprietary quote eligibility shall be conditioned on the issuer *remaining* current in its disclosure obligations. A lapse in the issuer's disclosure compliance — including failure to file required periodic reports within applicable deadlines — shall automatically suspend proprietary quote eligibility until the issuer has returned to compliance and the applicable quotation medium has verified such compliance.
3. **Market manipulation provisions remain fully applicable.** Nothing in the proposed amendments shall be construed to limit the applicability of Exchange Act Sections 9, 10(b), or 15(c), or Rules 10b-5 or 10b-5(b), or any other anti-manipulation or anti-fraud provision of the Exchange Act, to broker-dealers, market makers, issuers, or other persons with respect to securities quoted under the Disclosure-Current Issuer Exception.
4. **OTC Markets Group or equivalent platform verification.** The Commission may, in its discretion, designate OTC Markets Group or another Commission-recognized platform as the authoritative source for verification of an issuer's disclosure-current status, to provide broker-dealers with a reliable, centralized, and regularly updated eligibility database for purposes of the Exception.
5. **Shell company and fraud-risk restrictions.** Consistent with the existing Rule 15c2-11 framework, the Disclosure-Current Issuer Exception should not extend to blank check companies, shell companies (as defined in Exchange Act Rule 12b-2), or issuers that have been the subject of a Commission or FINRA finding of fraud or market manipulation within the preceding 36-month period.

VII. Requested Relief

The petitioner respectfully requests that the Commission:

1. Initiate a formal rulemaking to propose amendments to Rule 15c2-11 under the Exchange Act consistent with the framework described in this petition;
2. Coordinate with FINRA to propose corresponding amendments to FINRA Rule 6432 to eliminate the Form 211 pre-filing requirement for issuers that are current in their applicable disclosure obligations;
3. In parallel with or in advance of the rulemaking described above, issue interim exemptive relief from Rule 15c2-11 — consistent with the Commission's authority under Exchange Act Section 36 — providing automatic proprietary quote eligibility to issuers that are current

in their Exchange Act or OTC alternative reporting obligations, pending adoption of final rule amendments; and

4. Request public comment on the proposed amendments, including comment on the scope of the Disclosure-Current Issuer Exception, the adequacy of the proposed investor protection safeguards, the appropriate transition period, and the treatment of foreign private issuers whose securities are quoted on OTC Markets.

VIII. Conclusion

The Commission's own rulemaking record demonstrates that Rule 15c2-11's procedural broker-dealer review and Form 211 gating requirements are not necessary to protect investors when adequate current public information about an issuer is already available. The Commission reached precisely this conclusion in granting permanent categorical exemptive relief for Rule 144A fixed-income securities. That conclusion applies with equal or greater force to OTC equity issuers that are current in their Exchange Act or OTC disclosure obligations — issuers whose financial and material information is publicly available to all market participants, not merely to institutional QIBs.

The proposed amendments would restore timely market access and price discovery for shareholders of compliant OTC issuers, reduce regulatory friction without sacrificing investor protection, and align Rule 15c2-11's procedural requirements with the Commission's stated objective of crafting regulations that are appropriately tailored to fit the asset class to which they apply. Jake P. Noch and Jake P. Noch Family Office, LLC respectfully urge the Commission to act promptly on this petition.

Respectfully submitted,

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Dated: May 11, 2026

Submitted pursuant to Rule 192 of the Commission's Rules of Practice, 17 CFR 201.192