

The International Association of Small Broker Dealers and Advisors

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The International Association of Small Broker-Dealers and Advisors submits the following comments on the above referenced amendments. The Staff makes a compelling case for the removal of the tick test for the Russell 3000 securities. However it fails to address whether the issuers of other securities should have some choice in whether they want their stock subject to the test. By insisting that it must be all or none the staff may unnecessarily force small issuers to accept an environment which is most unkind to their securities. While the studies seem to have found little evidence of small stock detriment, the universe did not include the otcbb stocks and may not have been inclusive of other small stocks. The Russell 3000 is a broad based index index in terms of capitalization but there are roughly 9000 stocks in the publicly reporting universe. The Russell 3000 Index offers investors access to the broad U.S. equity universe representing approximately 98% of the U.S. market, but roughly 33% of individual stocks. The SEC's Advisory Committee Report on Small Public Companies Final report concluded there were 9,428 companies listed including the otcbb. Report at p.5 Therefore there may be an argument for phasing in the elimination by starting with the larger stocks and concluding with the otcbb and other small stock segments of the market. The proposal acknowledges at p.25 some evidence supporting the application of price test restrictions to smaller companies but (concludes) its not strong enough. For whatever reason, issuer comments have been significantly underrepresented (non-existent?) in the various short sale rule proposals. Under a phase in arrangement those issuers might focus more on the subject and eventually make a compelling argument that its not necessary to have all or none elimination. The commission might also learn something from its observance of the large stocks without a tick test. After so many years there is no compelling reason to force small companies into this environment when a phase in period has no downside. This is especially true when the commission has acknowledged that Reg SHO needs to be strengthened with additional amendments. The elimination of the tick test is perhaps the most significant deregulation move in memory and should be done cautiously especially for the

the smaller issuers and in light of the acknowledged current weaknesses of Reg. SHO.

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