

March 13, 2021

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-24-20. Rule 144 Holding Period and Form 144 Filings

Dear Ms. Countryman:

I would like to thank The Securities and Exchange Commission, also referred to as “The Commission” throughout this letter, for the exciting opportunity to comment on the proposed rule changes within File Number S7-24-20. The rule changes within this file are regarding the holding period in Rule 144 as well as proposed changes regarding Form 144 filing procedures and rules.

For purposes of clarity, this letter will be split into two sections. The first section - labeled as “Issue 1” - will work to address the Rule 144 Holding Period. The second section – labeled as “Issue 2” – will work to address the filing requirements of Forms 4, 5, and 144. Due to the diverse nature of the proposed changes and the varying consequences they may produce, elaborating on them separately will allow for more structure and clarity. My personal opinion differs on these two subject matters and I have to offer my opinion on these diverse rule changes separately in order to allow for the most accurate and helpful commentary.

Issue 1:

The first issue refers to the proposed change of increasing the holding period for convertible securities. Currently Rule 144 is a safe harbor, allowing for the resale of securities without registration. In order to allow for the resale without registration, Rule 144 requires certain conditions to be met such as the holding period, the way in which the securities are sold, and the amount that can be sold at any one time. The holding period creates a period of time in which the holder acquires the economic risks of the investment. The proposed change would not allow the holding period to begin until the securities are acquired upon the conversion or exchange of the market adjustable security. This proposed change of the holding period is meant to target fraud and attempts to manipulate the market. This would mean that the holders of market adjustable securities would then hold the economic risks of the investment rather than allowing for fraud regarding unregistered securities.

I understand that the introduction of this rule is in line with the goals of The Securities and Exchange Commission. Working against fraud and market manipulation is always a top priority of this financial institution, ensuring that all stake holders have safe markets that

function without nefarious institutions working to manipulate them for the purposes of their own gain at the expense of investors, companies, and all other stake holders.

The proposed rule primarily would affect public companies that do not have equity listed on a national exchange. They also have limited availability to register the resale of securities under a registration statement. This is often referred to as the over the counter market or over the counter companies. These companies are often small to medium in size and working hard towards growth an acquiring funding. They are then forced to look towards other types of funding due to the aforementioned inability to register resale of securities under a registration statement.

Many over the counter companies rely on convertible note lenders to fund the company. This type of funding is essential of the companies would never have progressed very far without it. The companies are often small to medium sized and it is difficult for these companies to attract funding without convertible note lenders. The convertible note has been a quintessential funding instrument for years. However, if the holding period for this type of funding instrument is extending, institutions offering these types of securities might be turned away from offering them at all. They will no longer want to offer these types of investments to small and medium companies, making it extremely difficult for these types of companies to secure funding and continue to grow.

Even if the companies are able to secure financing, these market adjustable securities offer the company the ability to secure financing very quickly, thus allowing them working capital during a crucial time. If the time period for these companies to secure financing is greatly extended, their working capital will be diminished and could potentially force these companies to make tough choices such as layoffs or other tough choices that then hinder growth. These companies need cash in hand in a timely manner in order to execute their business plan and not have to adjust as so many have had to do during the recent pandemic. Many of these companies are already facing difficulties securing funding due to the recent pandemic and its effects on all financial institutions. By putting in place another barrier, the institutions that offer these types of securities will no longer be interesting in working in this area of financing, thus limiting economic growth by organizations that are not yet competitive. During the uneasy time of growth and development, these institutions need as many options as possible in order to become more secure in the future.

While attempting to address fraud and market manipulation is worthy goal indeed, punishing small to medium sized companies that completely rely on this type of funding is unfair. Considering the recent events regarding the pandemic and extreme economic stress many of these companies might have endured recently, imposing more rules and restrictions regarding the access of funding would be an even worse imposition to success and growth. At this period of time, The Securities and Exchange Commission should put the growth and success of these companies as priority considering that many of them might have experienced extreme duress and hardship recently.

Perhaps adjustments to target fraud can be introduced later, with a slightly larger holding period that could deter fraud but not punish these companies for relying on market adjustable securities and removing one of their quintessential forms of funding. For instance, instead of increasing the holding period from six months to one year, The Commission instead could only add three months to the holding period. This would make these types of investments more secure while giving the small to medium companies that rely on them more options in terms of financing and working capital. I implore The Securities and Exchange Commission to not introduce this rule at the present time and instead revisit it in a future time period after the economy has been given a chance to recover.

Issue 2:

I agree with the proposed rule changes regarding the filing of Form 144, Form 4, and Regulation S – T. Electronic filing is beneficial both for investors as well as the Securities and Exchange Commission. This proposed rule change would allow for a more convenient and simplified process for investors cooperating with The Securities and Exchange Commission processes as well as streamline the process for the digitalization of records and documentation. The proposed rule change also alters deadlines so that the filing of Form 144 coincides with the filing of Form 4. Filing these two forms in tandem again simplifies the process for those working with the Securities and Exchange Commission.

As discussed in the proposed rule changes by The Securities and Exchange Commission, Rule 101(c)(6) of Regulation S-T currently requires Form 144 to be filed on paper. The Commission received 31,000 filings of Form 144 during 2019. It is apparent that allowing investors access to electronic filing would greatly streamline this process. The Commission asked when requesting commentary if the filling of Form 144 should continue or if it should be eliminated all together. I do not believe the filing of this form should be completely eliminated. I believe the documentation and information it provides to the Commission is extremely beneficial to collect from investors. However, the digitalization of this process is of great interest. Due to COVID-19 and the pandemic, The Commission temporarily chose to grant the option of electronic filing. Many investors chose to take advantage of this option. Investors are already interested in electronic options now and will continue to be interested as the world and financial markets are only moving in the direction of digitalization of important record keeping. Making this change now makes complete sense considering the climate we currently live in.

Current filings of Form 144 that are only offered on paper in the present moment are difficult to access and serves as a disadvantage to any individual that would like to access the data contained in these filings, completely defeating the purpose of the filing in the first place. A significant number of planned stock sales are not easily accessible by the public and therefore it creates a barrier for many individuals to offer an educated opinion. Data analysis is also a concern. Current paper filings again create a barrier for further research and analysis regarding important data. This change would allow important information and documentation to be stored more efficiently. It would also allow The Commission easier access to crucial information for the purposes of data analysis. Allowing investors to also file Form 144 and Form 4 with similar deadlines again allows for efficiency and modernization. Streamlining this process assists

investors, protects clarity and transparency of The Commission, allows for modernization and digitalization, and overall is a great step forward.

Working to modernize and advance the Securities and Exchange Commission is an important goal and one that has repeatedly been seen in the recent rule changes. A proposed rule change that recently went into effect in February, File Number S7-01-20, also set out to modernize and simplify the Securities and Exchange Commission rules and regulations. The Commission amended Regulation S-K to eliminate Item 301, Selected Financial Data and Item 302, Supplementary Financial Information. This amendment removed the requirement to supply specific historical financial information. Some of this financial information is already duplicative of information that is listed elsewhere. Much of this financial information is already readily available online to the public. These rule changes also simplify compliance efforts for registrants. This trend is yet again seen in File Number S7-18-20, another recent rule change in which The Commission set out to modernize the rules and regulations for compensatory securities offerings and sales.

Based off these rule changes in the past year, I really appreciate The Commission's efforts to continuously work to modernize and simplify their rules and requirements for users. Utilizing technological innovation is forever increasingly important, especially during times of COVID-19 when it has been consistently proven that technological innovation is a cornerstone of modern society and financial institutions. Simplifying rules and regulations also allows stake holders to remain compliant as possible, ensuring the upmost clarity and consistency in financial regulation and reporting. These types of rule changes allow The Commission to remain a consistent and fair institution, in touch with the realities of today's markets, markets that have made leaps and bounds of progress utilizing technology due to the pandemic and its necessities.

In conclusion:

I would again like to reiterate that I am supportive of The Securities and Exchange Commission's efforts to modernize their practices and offer more efficiency and clarity for all stake holders. However, I do not support the current rule to increase the holding period for market adjustable securities. While I do believe that targeting fraud and market manipulation is a worth goal, this is simply not the time for this type of intervention. Many of these companies have been extremely hurt by the recent pandemic and economic downturn. Forcing these companies to readjust and look for other types of potential funding would be extremely detrimental to their growth and progress.

While I believe that these types of rules could potentially be introduced in the future by introducing a slightly longer holding period, but not as long as The Securities and Exchange Commission recommends in the current rule, I believe introducing these new rules in 2021 is extremely unfair considering the recent current events. Introducing electronic filing is a important and timely update. Requiring the increase of the holding period is not. I insist that The Securities and Exchange Commission look to address this type of fraud and market manipulation in a time when the economy has recovered and these small to medium companies are functioning

more successfully. Introducing this rule at the present moment is inappropriate as this is not the most concerning problem for our markets and financial institutions.

Thank You,
Rachel Mullinax