

Petition for Rulemaking to the Securities and Exchange Commission (SEC)

Subject: Extension of Proprietary Broker-Dealer Quotations to OTC Traded Securities Upon Regaining Compliance with Reporting Obligations



Submitted by: Jake P. Noch, Managing Director
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I. Introduction

Jake P. Noch, Managing Director of Jake P. Noch Family Office, LLC, respectfully submits this Petition for Rulemaking to the Securities and Exchange Commission (SEC) to propose amendments to existing rules. These amendments aim to extend proprietary broker-dealer quotations to Over-the-Counter (OTC) traded securities upon regaining compliance with reporting obligations, without requiring a broker-dealer or market maker to file a Form 211 with the Financial Industry Regulatory Authority (FINRA). Additionally, we propose extending alternative reporting requirements to allow issuers to publish information on their websites, in addition to the OTC Markets Group, to enhance transparency and liquidity for small businesses and their shareholders.

II. Background

OTC traded securities play a crucial role in the U.S. economy, particularly for small and micro-cap issuers. These companies drive innovation, job creation, and economic growth. However, the current regulatory framework poses significant challenges to their ability to raise capital and maintain liquidity, especially when they fall out of compliance with reporting obligations.

The suspension of proprietary broker-dealer quotations and the requirement for a Form 211 filing create a significant risk factor for these issuers. When an issuer is late on one of its filings, the impact on its ability to raise capital is disproportionately severe. This situation leads to loss of investor confidence and substantial financial losses for shareholders, making it nearly impossible for many micro and small-cap issuers to secure fair terms for capital raising, undermining their growth and sustainability.

III. Proposed Amendments

1. Extension of Proprietary Broker-Dealer Quotations

We propose amending Rule 15c2-11 under the Securities Exchange Act of 1934 to allow proprietary broker-dealer quotations to be extended to OTC traded securities immediately upon regaining compliance with SEC reporting obligations or alternative reporting requirements. Specifically, we propose the following amendments:

- **Amendment to Rule 15c2-11(a)(1):** Modify the rule to state that a broker or dealer may publish or submit a quotation for a security in any quotation medium without having to file a Form 211 with FINRA, provided that the issuer has regained compliance with its reporting obligations under the Securities Exchange Act of 1934 (Rule 13a-13 and Rule 13a-11) or has met alternative reporting requirements as outlined by the SEC.
- **Amendment to Rule 15c2-11(f)(3):** Include a provision that allows for automatic reinstatement of proprietary broker-dealer quotations for issuers that have demonstrated compliance with their reporting obligations for a specified period (e.g., six months) after regaining compliance.

2. **Alternative Reporting Requirements**

We propose extending alternative reporting requirements to allow issuers to publish required information on their own websites, in addition to the OTC Markets Group. This will increase accessibility and transparency for investors. Specifically, we propose the following amendments:

- **Amendment to Rule 15c2-11(a)(2):** Include provisions allowing issuers to publish current information on their own websites, provided that the information meets the disclosure standards set by the SEC. This will be an alternative to solely publishing on the OTC Markets Group, thereby increasing the avenues through which investors can access vital information.
- **Amendment to Rule 12g3-2(b):** Allow foreign private issuers to use their own websites to publish information required under Rule 12g3-2(b), providing parity between domestic and foreign issuers regarding reporting requirements and investor information access.

IV. Justification

1. **Improving Liquidity for Small Businesses**

Small and micro-cap issuers are essential to the U.S. economy, driving innovation and job creation. By extending proprietary broker-dealer quotations upon regaining compliance with reporting obligations, these companies will experience improved liquidity, enabling them to raise capital more effectively and on fair terms.

2. **Reducing Investor Risk**

Shareholders of small and micro-cap issuers often face substantial losses when companies are late on filings. By allowing immediate reinstatement of broker-dealer quotations upon compliance, we reduce the risk of significant investment losses, restoring investor confidence.

3. **Enhancing Transparency**

Extending alternative reporting requirements to issuer websites will enhance transparency and information accessibility. This change will ensure that investors have multiple

reliable sources to obtain current information, fostering a more informed investment community.

4. Regulatory Consistency

Aligning the reporting requirements for domestic and foreign issuers will create a more consistent regulatory framework. This alignment will reduce the compliance burden on issuers and ensure that all investors have access to comparable information, regardless of the issuer's domicile.

V. Conclusion

The proposed amendments to Rule 15c2-11 and Rule 12g3-2(b) will significantly benefit small and micro-cap issuers and their shareholders by improving liquidity, reducing investment risk, and enhancing transparency. We respectfully urge the SEC to consider these amendments to support the backbone of the U.S. economy and ensure a fair and equitable capital-raising environment for all issuers.

Submitted by:



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