

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

Subject: Petition for Rulemaking to Reopen the OTC Bulletin Board



Submitted by: Jake P. Noch, Managing Director
Jake P. Noch Family Office, LLC.
July 31, 2024

Introduction

Pursuant to Rule 192 of the Securities and Exchange Commission's Rules of Practice, the undersigned, Jake P. Noch, Managing Director of Jake P. Noch Family Office, LLC, respectfully submits this petition for rulemaking. This petition requests that the Securities and Exchange Commission (SEC) take action to reopen the OTC Bulletin Board (OTC BB). The closure of the OTC BB has significantly impacted small cap and micro cap issuers, leaving them reliant solely on OTC Markets Group, which operates the OTC Link, LLC automated inter-dealer quotation system.

Statement of Interest

Jake P. Noch Family Office, LLC is a Single Family Office with a dedicated focus on investing in the growth and liquidity of small cap and micro cap issuers, which are critical to the vitality and innovation of the United States economy. The monopolistic trading environment resulting from the closure of the OTC BB has led to reduced liquidity, increased trading costs, and diminished market transparency. These factors collectively hinder the ability of small businesses to raise capital, expand operations, and contribute to economic growth.

Reasons for Requesting Commission Action

The closure of the OTC BB has created a monopolistic environment where small cap and micro cap issuers have no alternative but to rely on the services of OTC Markets Group. This lack of competition has several detrimental effects:

- 1. Reduced Market Transparency:** A single trading platform undermines market transparency and fairness. Multiple trading platforms are essential for accurate price discovery and maintaining a fair market environment.
- 2. Increased Trading Costs:** The absence of competition allows a single for-profit operator to impose higher costs on issuers and investors, with no competitive pressure to keep fees reasonable.
- 3. Limited Access for Issuers:** The closure of the OTC BB restricts issuers' access to public markets, severely limiting their ability to raise capital efficiently and on favorable terms.

Proposed Amendments

To address these issues, we propose the following amendments to SEC rules:

1. Reopen the OTC Bulletin Board:

- **Amendment to Rule 15c2-11 (17 CFR § 240.15c2-11):** Reinstate the OTC BB as a recognized inter-dealer quotation system, requiring broker-dealers to meet specific criteria to quote securities on the OTC BB, thus providing an essential alternative platform for small cap and micro cap issuers.

2. Enhance Market Competition:

- **Amendment to Regulation ATS (17 CFR § 242.300 et seq.):** Modify the requirements for Alternative Trading Systems (ATS) to encourage the development of new platforms that can compete with OTC Markets Group, ensuring a more competitive and transparent marketplace.

Proposed Rule Text

The specific amendments proposed are as follows:

1. Amendment to Rule 15c2-11 (17 CFR § 240.15c2-11):

- Reinstate subsection (f)(3) to recognize the OTC BB as an inter-dealer quotation system, requiring the Financial Industry Regulatory Authority (FINRA) to operate and maintain the OTC BB as an alternative to OTC Link, LLC.

2. Amendment to Regulation ATS (17 CFR § 242.300 et seq.):

- Insert a new subsection under § 242.301 to provide specific provisions for the registration and operation of ATS platforms focusing on small cap and micro cap securities, including incentives for transparency and competitive fee structures.

Conclusion

Reopening the OTC Bulletin Board is crucial to fostering a more competitive, transparent, and cost-effective environment for small cap and micro cap issuers. This action will provide issuers and investors with necessary alternatives, ultimately supporting the growth and stability of the United States economy. The undersigned respectfully requests that the SEC consider this petition and take the necessary steps to implement the proposed rule changes.

Submitted by:



Jake P. Noch Family Office, LLC.



Jake P. Noch

Managing Director

Jake P. Noch Family Office, LLC.