

## **Petition for Rulemaking**

Pursuant to Rule 192(a) of the Securities and Exchange Commission's Rules of Practice, Jake P. Noch, Managing Director of Jake P. Noch Family Office, LLC, hereby petitions the Securities and Exchange Commission (the "Commission" or "SEC") to extend margin eligibility to over-the-counter (OTC) traded securities and small cap and micro cap issuers. This proposed rulemaking aims to enhance liquidity for small businesses, which are fundamental to the economic backbone of the United States.

### **I. Introduction**

Small businesses, including those classified as small cap and micro cap issuers, are integral to the U.S. economy, providing innovation, employment, and economic stability. However, these entities often face significant challenges in accessing capital markets and maintaining adequate liquidity. Extending margin eligibility to OTC traded securities and small cap and micro cap issuers will address these challenges, fostering a more robust and resilient economic environment.

### **II. Background**

Current SEC regulations limit margin eligibility to securities listed on national securities exchanges. This restriction disproportionately affects small businesses and OTC traded securities, which are often excluded from the benefits of margin trading. The lack of margin eligibility contributes to lower liquidity, higher volatility, and increased capital costs for these issuers, hindering their growth and sustainability.

### **III. Rationale for Extending Margin Eligibility**

- 1. Improved Liquidity:** Margin eligibility would significantly enhance the liquidity of OTC traded securities and small cap and micro cap issuers. Increased liquidity reduces trading spreads, lowers volatility, and provides a more stable trading environment, attracting a broader range of investors.
- 2. Enhanced Capital Formation:** Access to margin trading will enable small businesses to raise capital more efficiently. This access will lower the cost of capital and provide these entities with the necessary resources to innovate, expand, and contribute to economic growth.
- 3. Economic Growth and Job Creation:** Small businesses are crucial for job creation and economic expansion. By improving their access to capital through margin eligibility, the proposed rulemaking will support job growth and contribute to a more dynamic economy.
- 4. Alignment with Market Realities:** The financial landscape has evolved significantly, with OTC markets playing an increasingly vital role. Recognizing these changes and adjusting regulatory frameworks to include margin eligibility for OTC traded securities aligns SEC regulations with contemporary market realities.

#### **IV. Proposed Rule Amendments**

The SEC should amend Regulation T, which governs margin requirements, to include OTC traded securities and small cap and micro cap issuers. The proposed amendments should outline the specific criteria for margin eligibility, ensuring that only securities meeting certain liquidity and stability thresholds are included.

#### **V. Conclusion**

Extending margin eligibility to OTC traded securities and small cap and micro cap issuers is a necessary step to enhance liquidity, support small businesses, and foster economic growth. This rulemaking aligns with the SEC's mandate to protect investors, maintain fair and efficient markets, and facilitate capital formation.

The undersigned respectfully requests that the Commission initiate the rulemaking process to consider and adopt these proposed amendments.

**Submitted by:**



**Jake P. Noch**

**Managing Director**

**Jake P. Noch Family Office, LLC.**