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Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Dear Madam Secretary

DBOT ATS supports FINRA's proposal to increase both transparency and stability of the current OTC market environment. Delaware Board of Trade Holdings (DBOT) will, through its SEC/FINRA regulated DBOT ATS, operate a high-performance, reliable, secure, transparent & fully electronic Over the Counter market center. DBOT ATS provides a platform that is a fully electronic inter-dealer quotation and auto-execution system which displays both attributable and non-attributable quotes, last sale prices and volume information for securities that are not listed on a national securities exchange. Securities quoted on the DBOT ATS will include domestic, foreign and American depository receipts. We expect to begin trading operations early in the first quarter of 2017. With our imminent launch, we expect that the need for a FINRA sponsored ODF would be greatly diminished. We respectfully submit the following comments to questions posted in Regulatory Notice 16-34.

FINRA Notice 16-34 previously noted concerns regarding the dissemination of incomplete quotation information through the OTCBB. These concerns must be weighed along with other considerations, such as the potential benefits to transparency and OTC market stability of maintaining an SRO-sponsored system, including in the event of system disturbances or failure of any other inter-dealer quotation system. Are there alternative means of ensuring that there continues to be an inter-dealer quotation facility available for use by FINRA member firms to display their interest in OTC equity securities?

DBOT ATS will deploy a fully attributable ATS and Inter Dealer Quotation System in the first quarter of 2017, this will allow for dissemination of information through a separate and independent system at all times including in the event of system disturbances and failure of any other inter-dealer quotation system. It also is our understanding that ARCA will also be



deploying an attributable system thus the need for an SRO-sponsored system is greatly reduced with viable alternatives

FINRA Notice 16-34 proposes the removal of the reporting company limitation from current OTCBB eligibility requirements, thus permitting non-reporting or delinquent filers to be quotable on the FINRA quotation facility. This limitation was adopted in the past due to concerns regarding the need for public information on the securities being quoted and non-reporting securities lacked such mandated public information.

DBOT ATS believes that the tier should be left as is to maintain the integrity of the OTCBB standard. It would be more appropriate to create a separate facility for non-reporting and delinquent filers to facilitate pricing information. We further suggest that there are better systems available that have the ability to clearly indicate the difference between reporting and non-reporting. We feel that this would better serve the investing public by clearly differentiating between the two while also encouraging issuers to obtain and maintain the higher standard.

FINRA's request for comment, for OTC Equity Securities quoted on the facility, proposes to indicate whether the issuer of each quoted OTC equity security is a timely reporting company, a delinquent reporting company or a non-reporting company.

DBOT ATS believes that while this may be helpful, it may also confuse the difference between non-reporting and delinquent filers in the markets. Specifically, foreign issues, where current information is available but the company has chosen not to file due to burdensome regularity redundancy across international borders. A system that appends a symbol with an E for delinquent filers of reporting companies would serve the public better in acknowledging the delinquency in a more uniform way. It would also serve the investing public to distinguish the difference between current non-filing and delinquent issues. We also feel as noted above maintaining separate standards would go further to advance transparency in the market.

FINRA regulatory notice 16-34 further proposes that member firms who display quotations in an average of 500 or more symbols per day (including unsolicited quotes) across member inter-dealer quotation systems over a six-month period must participate in connectivity and limited functionality testing to help ensure that, if needed, such members can connect to, and display quotations with, FINRA.

FINRA should encourage independent quotation facilities by requiring linkage across all participants in order to facilitate price discovery. Limited functionality testing would be



appropriate to insure stability and availability. At a minimum, we feel any firm connecting should be required to complete initial testing regardless of number of symbols displayed.

Section IV(d) of the ISRA Plan generally provides, among other things, that a symbol previously used to identify a security may not be reused to identify a new security within 90 calendar days. FINRA's request for comment asks, "Is this 90-day period useful to minimize confusion with regard to the reuse of a symbol to identify an OTC equity security? Is 90-days sufficient time to minimize the potential for confusion? If not, what time frame would be appropriate and sufficient to minimize investor confusion?"

It is DBOT ATS' opinion that 90 days is too short of a time frame, specifically for securities that trade with limited amounts of volume and frequency. We would suggest a waiting period of no less than five calendar quarters in order to ensure that symbols are not confused for their previous users. This would limit reserving reuse of the symbol until any previous filings by the previous symbol holder would be clearly out of date.

FINRA 16-34 further questions if the removal of the two, two-sided priced quote limitation would be appropriate to improve the widespread dissemination of pricing information available through the FINRA sponsored inter-dealer quotation system?

No, we feel that this serves the purpose it was intended to prevent manipulative quotes from being disseminated to the public. We do feel that there is the ability for modification if two, two sided quotes are the result of two independent quotes on two different inter dealer quotation systems.

FINRA proposal states, "the proposal is intended to permit the ODF to serve as an alternative quotation display facility to already existing facilities. If adopted, how will the proposal impact the existing OTC equities display facilities?"

We believe if adopted the ODF as currently proposed would negatively impact any existing or new display facilities by providing a legacy system that neither provides a form of order delivery or execution. The OTCBB as currently deployed is not designed for electronic interaction between participants. Increased alternatives are already moving towards a more automated system than what currently exists. Independent inter-dealer quotation facilities would greatly reduce the impact of any single system failure or disruption. We strongly suggest an independent ODF system provided by current technology providers in order to insure proper connectivity between all IDQS providers.



FINRA 16-34 inquires how many firms might choose to rely on the FINRA-sponsored inter-dealer quotation system as an alternate quotation display facility and if the number would increase with the removal of the current fee structure.

While DBOT ATS concurs that the number of firms would likely choose to quote on the facility would increase if the fee was eliminated, we feel that non-SRO alternatives will be able to provide substantially enhanced transparency and accessibility to liquidity through competitive forces. The outdated OTCBB platform would need substantial enhancement to even begin to provide the level of technological advancements currently offered in the quotation, dissemination and execution space.

The FINRA request for comment finally asks what direct or indirect cost would a firm incur if they were required to connect to a FINRA sponsored facility.

While DBOT ATS has no specific cost estimates we feel that a required cross connect between any IQDS providers would substantially lower the overall cost of implementation to participating broker dealers and simplify the testing requirements.

DBOT ATS greatly appreciates the opportunity to comment on FINRA's regulatory proposal 16-34 and we feel that the current market is already on its way to substantial improvement in both transparency and information dissemination. It is our opinion that continued encouragement of competitive forces in the Over the Counter Market will significantly improve the current marketplace without the need for a FINRA sponsored ODF. Please feel free to reach out to discuss this further at any time.

Respectfully

Gregg Dudzinski
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