



CENTER FOR CAPITAL MARKETS
C O M P E T I T I V E N E S S

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February 4, 2010

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Securities Exchange Act Release No. 60999; File No. SR-FINRA-2009-077

Dear Ms. Murphy:

The U.S. Chamber of Commerce (“Chamber”) is the world’s largest business federation representing over three million companies of every size, sector, and region. The Chamber’s Center for Capital Markets Competitiveness (“CCMC”) works to ensure that our nation’s capital markets are the most fair, efficient, and innovative in the world. The Chamber appreciates the opportunity to comment on the proposal filed by the Financial Industry Regulatory Authority (“FINRA”) to establish a Quotation Consolidation Facility (“QCF”) that would serve as a data consolidator in the over-the-counter (“OTC”) equity market.

The OTC market serves as a source of capital for thousands of small companies seeking to expand by driving innovation and creating jobs. The CCMC strongly supports actions of the Securities and Exchange Commission (the “Commission”) to enhance investor protection and improve transparency and efficiency in our markets. Strengthening investor protections and building investor confidence in this market segment will enhance capital formation for small companies. Unfortunately, this proposal would do little to further these goals and would instead decrease liquidity in the OTC market and further reduce access to capital for small businesses. We believe that the SEC should reject this proposal and conduct a comprehensive review of the OTC market before such dramatic changes are considered.

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In recent years, the quality and transparency of the OTC market has improved significantly through competition and private sector innovation. For example, Pink Quote currently provides many of the benefits and advantages that FINRA identifies in support of creating the proposed QCF. Information currently flows from Pink Quote to FINRA providing the data needed for regulatory oversight purposes. Through innovation and investments in technology the private sector already provides the benefits and advantages that FINRA identifies in support of its proposal at a lower cost.

The proposal would also require market makers to provide all OTC quotations to FINRA as well as pay FINRA a higher monthly fee for those quotes. This new mandatory monthly quotation fee would significantly increase the operating costs of market makers in OTC stocks. Quotations in the OTC market are already listed on a quotation facility developed and managed by the private sector at a lower cost than the FINRA proposal would provide. Also, broker-dealers would be forced to pay a fee to receive data that is currently available at a lower rate and would be charged additional fees to post quotes. These unnecessary and additional costs would ultimately be borne by the investing public in higher commissions.

The private sector has demonstrated that it is capable of providing the marketplace with a highly efficient consolidated quotation service at a reasonable cost. Creating the proposed QCF would eliminate competition and dampen innovation that could further enhance the OTC marketplace. Rather than proposing a change that would likely lead to diminished market quality and transparency, FINRA should support a broad review of the overall OTC equity market structure. This examination should focus on trading practices, financial reporting, data dissemination, and regulation. It should incorporate the views of all market participants including issuers, marketplaces, market makers, brokers, and investors.

We appreciate your consideration and would be happy to discuss these issues with the appropriate SEC staff.

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Sincerely,

A handwritten signature in black ink that reads "DAVID". The letters are stylized and connected, with a large loop at the end of the "D".

David T. Hirschmann
President and Chief Executive Officer
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce

cc: The Honorable Mary L. Schapiro, Chairman, U.S. Securities and Exchange
Commission
The Honorable Kathleen L. Casey, Commissioner, U.S. Securities and
Exchange Commission
The Honorable Elisse B. Walter, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Luis A. Aguilar, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Troy A. Paredes, Commissioner, U.S. Securities and Exchange
Commission
Mr. Robert W. Cook, Director, Division of Trading and Markets,
U.S. Securities and Exchange Commission