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January 26, 2010

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

Re: Comments to Securities Exchange Act Release No. 34-60999
(File No. SR-FINRA-2009-077)

Dear Ms. Murphy:

Knight Capital Group, Inc. (Knight)¹ welcomes the opportunity to offer our comments to the Securities and Exchange Commission (Commission) on the recent rule filing of the Financial Industry Regulatory Authority (FINRA) relating to the restructuring of quotation collection and dissemination for OTC equity securities SEC Release No. 34-60999 (File No. SR-FINRA-2009-077).

FINRA is proposing to “create a QCF (Quotation Consolidation Facility) for OTC equity securities for regulatory and transparency purposes that would serve as a data consolidator for all quote data in the over-the-counter equity market.” For the reasons stated below, we respectfully request that the Commission reject the current proposal.

The creation of the proposed QCF by FINRA will add substantial costs to the OTC market which could be very harmful to competition, investors and issuers. Additionally, most dealers and market makers have already invested heavily in building quote aggregation technology for the express purpose of consolidated market quotations. The added costs of the QCF would likely be a disincentive to potential new entrants in the

¹ Knight is the parent company of Knight Equity Markets, L.P., Knight Capital Markets LLC, Knight Direct LLC, Knight BondPoint, Inc., and Knight Libertas LLC all of whom are registered with the SEC and various self-regulatory organizations. Knight Capital Europe Limited is authorized and regulated by the Financial Services Authority. Knight Capital Asia Limited is authorized and regulated by the Securities and Futures Commission. Knight, through its affiliates, is a major liquidity center for the U.S. securities markets. We trade nearly all equity securities. On active days, Knight can execute in excess of five million trades, with volume exceeding ten billion shares. Knight’s clients include more than 4,000 broker-dealers and institutional clients. Currently, Knight employs approximately 1,100 people worldwide. For more information, please visit: www.knight.com

inter-dealer quote arena, while providing FINRA with an effective monopoly on market data.

The creation of the QCF will immediately and markedly increase costs of quoting OTC equities. Implementation of the proposal will create a \$4/quote position fee that will be applied to all OTC equity securities. The proposal will require broker dealers to provide FINRA with all of their quotations in OTC securities that are submitted to an inter-dealer quotation system. This information is already being provided to FINRA by Pink OTC. Firms will not be able to execute against “quotes” in the QCF, but any firm placing a quote in Pink Quote will be required to pay an additional \$4 to FINRA. These changes will put an onerous cost burden on the most active liquidity providing market making firms.

The additional charges to post quotes may further limit the number of securities a broker/dealer may quote, reducing liquidity and increasing spreads. As in all markets, the more competition that exists between market makers the better the opportunity for investors to receive better pricing on their executions. There are roughly 6,000 of the approximate universe of 18,000 OTC equity securities which are eligible to be quoted electronically. Hence, there is a large universe of small, innovative companies that will not have proper access to the capital markets by potential changes to the OTC equity market. The additional fees for quoting could also cause the market to go manual or dark, resulting in less transparency than exists today. Additional fees could also eliminate additional market makers from the space which would obviously create less liquidity, price discovery and competition.

Of equal importance, there are pending rule proposals and market events that will have a material impact not only on the current filing, but also on the continued operation of the OTC market. We are, of course, referring to FINRA’s proposed rules relating to minimum price increments, locked/crossed markets, access fees, and limit order display (SEC Release 34-60515 / SR-FINRA-2009-054), as well as FINRA’s proposed sale of the OTCBB.

If history is any guide, certain rule changes implemented over the last decade have had a detrimental impact on competition in the marketplace (i.e., the loss of liquidity providers and displayed liquidity). Hence, Knight respectfully urges the Commission and FINRA to consider all of these open items holistically (via a broader concept release), with input from all market participants – including, issuers, brokers, dealers, market makers, retail customers, institutional investors, regulators, academics, etc., instead of in the current isolated filing approach.

Thank you for providing us with the opportunity to comment on this rule proposal. Knight would welcome the opportunity to discuss our comments with the Commission and/or FINRA.

Sincerely yours,

Leonard J. Amoruso ^{LJK}

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Michael T. Corrao
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cc SEC Chairman Mary L. Schapiro
SEC Commissioner Kathleen L. Casey
SEC Commissioner Elisse B. Walter
SEC Commissioner Luis A. Aguilar
SEC Commissioner Troy A. Paredes
Tom Gira, Executive Vice-President, FINRA
Marc Menchel, Executive Vice-President and General Counsel, FINRA
Robert W. Cook, Director, SEC Division of Trading and Markets
James Brigagliano, Deputy Director, SEC Division of Trading and Markets