

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

**Subject: Petition for Rulemaking to Allow FINRA to Issue Stock Symbols Without Requiring a Market Maker to File a Form 211 or the Company to Be Reporting or Registered**



**Submitted by:** Jake P. Noch, Managing Director  
Jake P. Noch Family Office, LLC.  
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### **Introduction**

On behalf of Jake P. Noch Family Office, LLC, I, Jake P. Noch, respectfully petition the Securities and Exchange Commission (SEC) to initiate a rulemaking process to amend the regulations concerning the issuance of stock symbols by the Financial Industry Regulatory Authority (FINRA). Specifically, this petition requests that the SEC modify the relevant rules to permit FINRA to issue stock symbols to any company that requests one, without requiring a market maker to file a Form 211 under SEC Rule 15c2-11 (17 C.F.R. § 240.15c2-11) or for the company to be a reporting company or have its securities registered with the SEC. This proposal acknowledges the existence of alternative reporting requirements and aims to streamline the process for small and emerging companies to access public markets.

### **Background and Rationale**

#### **Regulatory Framework Governing OTC Markets and Stock Symbol Issuance**

Under current regulations, any company seeking to have its securities quoted on the Over-the-Counter (OTC) markets typically must rely on a market maker to file a Form 211 with FINRA. This requirement is based on SEC Rule 15c2-11 (17 C.F.R. § 240.15c2-11), which mandates that a broker-dealer must gather and review certain financial and operational information about the issuer before initiating quotations for its securities in the OTC market<sup>1</sup>. The primary objective of this rule is to ensure that sufficient and accurate information is available about the issuer before its securities are quoted, thereby protecting investors from fraud and manipulation.

However, SEC Rule 15c2-11 (17 C.F.R. § 240.15c2-11) does allow for an exception in the case of unsolicited quotations. According to Rule 15c2-11(a)(2) (17 C.F.R. § 240.15c2-11(a)(2)), a broker or dealer is permitted to publish quotations for a security without having to file a Form 211 if the quotation is unsolicited<sup>2</sup>. This provision was designed to facilitate the quoting of securities where the interest to trade originates from market participants rather than being initiated by the broker-dealer. Despite this, the rule does not currently extend this allowance to the process of obtaining a stock symbol from FINRA, leaving the Form 211 filing requirement as a barrier to entry for many small-cap and micro-cap companies.

Additionally, there are generally expectations that the issuer should be a reporting company under the Securities Exchange Act of 1934 (15 U.S.C. § 78m) or have its securities registered with the SEC under the Securities Act of 1933 (15 U.S.C. § 77e)<sup>34</sup>. While these requirements aim to ensure transparency and investor protection, they can create significant hurdles for small companies seeking to enter the public markets. Alternative reporting standards, such as those provided by OTC Markets Group under the "Alternative Reporting Standard" (ARS), offer a viable alternative to SEC reporting that still provides sufficient information to investors<sup>5</sup>. These alternative frameworks allow companies to disclose relevant information without the extensive burdens associated with full SEC reporting.

## **SEC's Authority to Modify FINRA Rules**

The SEC has broad oversight and regulatory authority over self-regulatory organizations (SROs) like FINRA. This authority is granted under several sections of the Securities Exchange Act of 1934. Section 19(b) (15 U.S.C. § 78s(b)) of the Exchange Act provides the SEC with the power to review and approve or disapprove rule changes proposed by SROs like FINRA<sup>6</sup>. The SEC can also require an SRO to make certain rule changes in the public interest.

Moreover, Section 15A (15 U.S.C. § 78o-3) of the Exchange Act mandates that the rules of an SRO, such as FINRA, must be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest<sup>7</sup>. These provisions give the SEC the authority to ensure that FINRA's rules align with the overarching goals of market efficiency, investor protection, and capital formation.

Given the SEC's authority, it is within the Commission's power to amend the current rules that require a market maker to file a Form 211 or necessitate an issuer to be a reporting company or have its securities registered before a stock symbol can be issued. By recognizing the validity of alternative reporting standards, the SEC can facilitate a more streamlined and inclusive process for small and emerging companies to enter the public markets.

## **Proposed Amendments**

### **SEC Rule 15c2-11**

#### **Current Text of Rule 15c2-11**

"A broker or dealer shall not publish or submit for publication a quotation for a security in any quotation medium unless such broker or dealer has in its records the documents and information specified in paragraphs (a)(1) through (a)(5) of this section and, based upon a review of these documents and information together with any other documents and information required under paragraph (b) of this section, has a reasonable basis under the circumstances for believing that the information is accurate in all material respects and that the sources of the information are reliable" (17 C.F.R. § 240.15c2-11)<sup>8</sup>.

#### **Proposed Amendment to Rule 15c2-11**

"A broker or dealer shall not publish or submit for publication a quotation for a security in any quotation medium unless such broker or dealer has in its records the documents and information specified in paragraphs (a)(1) through (a)(5) of this section, or unless the issuer of the security has submitted a request directly to FINRA for the assignment of a stock symbol. The issuer need not be a reporting company under the Securities Exchange Act of 1934 or have its securities registered with the SEC, provided that the issuer complies with alternative reporting requirements recognized by the SEC or FINRA."

### **Explanation**

This amendment would allow issuers to request a stock symbol directly from FINRA without the need for a market maker to file a Form 211 or for the company to be a reporting company or have its securities registered with the SEC. The issuer would still be required to comply with alternative reporting standards, ensuring that investors have access to sufficient information while reducing unnecessary regulatory burdens on small companies.

### **FINRA Rule 6432**

#### **Current Text of Rule 6432**

"No member shall initiate or resume the quotation of a non-exchange-listed security in any quotation medium unless the member has demonstrated compliance with the applicable requirements of SEA Rule 15c2-11 by making a filing with, and in the form required by, FINRA" (FINRA Rule 6432)<sup>9</sup>.

#### **Proposed Amendment to Rule 6432**

"No member shall initiate or resume the quotation of a non-exchange-listed security in any quotation medium unless the member has demonstrated compliance with the applicable requirements of SEA Rule 15c2-11 by making a filing with, and in the form required by, FINRA, or unless the issuer of the security has been granted a stock symbol by FINRA pursuant to an application process that satisfies alternative reporting requirements recognized by the SEC or FINRA. The issuer need not be a reporting company under the Securities Exchange Act of 1934 or have its securities registered with the SEC."

### **Explanation**

This amendment would enable issuers to apply directly to FINRA for a stock symbol, bypassing the need for a market maker to file a Form 211 and removing the requirement for the issuer to be a reporting company or have its securities registered. The alternative reporting requirements would ensure that the issuer provides sufficient disclosure to investors, thus balancing transparency with regulatory efficiency.

## Statement of Interest

As the Managing Director of Jake P. Noch Family Office, LLC, I have a vested interest in the efficient functioning of capital markets, particularly for small-cap and micro-cap companies. My firm has experience with companies that are significantly impacted by the current regulatory framework governing the issuance of stock symbols. The proposed amendments would facilitate greater access to capital markets, enhancing liquidity for small businesses that form the backbone of the United States economy. These changes would reduce unnecessary barriers and support the growth of innovative and emerging companies.

## Conclusion

For the reasons outlined above, I respectfully request that the SEC initiate a rulemaking process to amend the rules governing the issuance of stock symbols by FINRA. The proposed changes would recognize the validity of alternative reporting requirements, streamline the process for companies seeking to go public, and ultimately enhance market efficiency while maintaining investor protection. I appreciate the SEC's consideration of this petition and look forward to any opportunity to further discuss this proposal.

Submitted by:



**Jake P. Noch**

**Managing Director**

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

## Footnotes

1. 17 C.F.R. § 240.15c2-11 (SEC Rule 15c2-11). Retrieved from <https://www.law.cornell.edu/cfr/text/17/240.15c2-11>. ↩
2. 17 C.F.R. § 240.15c2-11(a)(2). Retrieved from <https://www.law.cornell.edu/cfr/text/17/240.15c2-11>. ↩
3. Securities Exchange Act of 1934, 15 U.S.C. § 78m. Retrieved from <https://www.law.cornell.edu/uscode/text/15/78m>. ↩
4. Securities Act of 1933, 15 U.S.C. § 77e. Retrieved from <https://www.law.cornell.edu/uscode/text/15/77e>. ↩
5. OTC Markets Group. Alternative Reporting Standard. Retrieved from <https://www.otcmarkets.com/learn/otc-company-reporting>. ↩
6. Securities Exchange Act of 1934, 15 U.S.C. § 78s(b). Retrieved from <https://www.law.cornell.edu/uscode/text/15/78s>. ↩
7. Securities Exchange Act of 1934, 15 U.S.C. § 78o-3. Retrieved from <https://www.law.cornell.edu/uscode/text/15/78o-3>. ↩
8. 17 C.F.R. § 240.15c2-11 (SEC Rule 15c2-11). Retrieved from <https://www.law.cornell.edu/cfr/text/17/240.15c2-11>. ↩
9. FINRA Rule 6432. Retrieved from <https://www.finra.org/rules-guidance/rulebooks/finra-rules/6432>. ↩