HMA | HEALTHY MARKETS ASSOCIATION
A MEMBER ORGANIZATION

May 6, 2026

Via Electronic Mail

Vanessa Countryman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Publication or Submission of Quotations Without Specified Information, File No. S7-2026-08

Dear Ms. Countryman:

The Healthy Markets Association[1] writes to express our opposition to the Commission's proposal to narrowly restrict the application of Rule 15c2-11.[2]

Rule 15c2-11 was designed to address a clearly identified risk of "fraudulent and manipulative potential inherent in those situations … when a broker or dealer submits quotations concerning any infrequently traded security in the absence of certain information."[3]

Those issues and concerns are not limited to OTC equity securities, but the Commission is now seeking to exclude non-equity securities from the Rule. The Commission must examine the non-equity securities markets that it now seeks to exclude from the Rule's application, and explain why it wants to exclude them. The Proposal does not do that.

We are stunned by the cognitive dissonance inherent in the Proposal. On the one hand, the Commission is seeking to exclude non-equity securities from the Rule's application. On the other hand, the Commission and its Commissioners have previously acknowledged the rapid evolution of trading in non-equity securities, and particularly the development and rapid adoption of electronic, automated quotations in various fixed income securities and digital asset securities markets. The information about those non-equity securities is often limited, creating opportunities for the same types of market abuses that Rule 15c2-11 is intended to address.

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[1] Healthy Markets Association ("HMA") engages asset owners, asset managers, brokers, exchanges, data providers, policymakers, regulators, and other stakeholders to increase capital markets transparency and reduce conflicts of interest, risks, and costs for investors. To learn about HMA or our members, please see our website at http://healthymarkets.org.

[2] *Publication or Submission of Quotations Without Specified Information*, SEC, 91 Fed. Reg. 13243 (Mar. 19, 2026), *available at* https://www.govinfo.gov/content/pkg/FR-2026-03-19/pdf/2026-05401.pdf.

[3] 1971 Adopting Release, at 18641.

We urge you to materially revise the Proposal to acknowledge the increased adoption of electronic, quotation-driven trading mechanisms in non-equities securities markets, and apply targeted elements of Rule 15c2-11 to brokers engaging in those markets.

Background on Rule 15c2-11

When it first adopted the Rule, the Commission explained that it "prohibits the initiation or resumption of quotations respecting a security by a broker or dealer who lacks specified information concerning the security and the issuer."[4]

The mechanism for how the Rule works is simple: if a security isn't quoted in a medium without essential information being available, then it is harder for investors to buy without essential information, which makes it harder for investors to be victimized by fraud and general information asymmetries.

Notably, this logic and investor protection concern with brokers making it too easy-to-trade securities without essential information is not limited to just OTC equity securities, but rather applies to trading in any securities.

The Commission's Attempts to Revise Rule 15c2-11

In March 2019, then-Chairman Jay Clayton and Division of Trading and Markets Director Brett Redfearn gave joint remarks at Fordham University in which they suggested revising Rule 15c2-11 to make it more difficult for retail investors to trade OTC securities that didn't have any current public information.[5]

In September 2019, the Commission unanimously proposed revising the Rule.[6] In explaining why he wanted to update the Rule, Chairman Clayton explained:

> broker-dealers can continue to quote the securities of companies that, in some cases, have not provided updated information in years or may no longer exist. These "dark" and defunct companies can be, and have been, used for fraudulent schemes.[7]

That statement is objectively true – for both equity and non-equity securities.

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[4] 1971 Adopting Release.

[5] *Equity Market Structure 2019: Looking Back & Moving Forward, before the Gabelli School of Business, Fordham University*, Hon.Jay Clayton and Brett Redfearn, SEC, Mar. 8, 2019, *available at* https://www.sec.gov/news/speech/clayton-redfearn-equity-market-structure-2019.

[6] *Publications or Submissions of Quotations Without Specified Information*, SEC, 84 Fed. Reg. 58206 (Oct. 30, 2019), *available at* https://www.govinfo.gov/content/pkg/FR-2019-10-30/pdf/2019-21260.pdf (the "Proposed Revised Rule").

[7] Statement of Hon. Jay Clayton, SEC, Sept. 26, 2019, *available at* https://www.sec.gov/newsroom/speeches-statements/clayton-2019-09-26-three-rulemakings.

That Proposed Revised Rule explicitly attempted to address situations where "there is no or limited current public information available about certain issuers of quoted OTC securities," so as to "allow investors or other market participants to make informed decisions regarding company fundamentals."[8]

Over 150 comments were received.[9]

That Proposed Revised Rule did not say it applied to only equity securities: it used the broader rubric of "securities." In September 2020, the SEC adopted the Revised Rule,[10] and set the implementation date for September 2021.

At the time of the Revised Rule's adoption, the Commission was clear on the need for an update. As then-Commissioner Elad Roisman noted in a statement:

> Modern technology has transformed the OTC market, ***much as it has transformed all of our equity and fixed income markets.*** The OTC equity market has transitioned from being paper-based, where brokers provided quotes over the phone, to a real-time electronic market. Twenty-first century markets require twenty-first century rules. The amendments we adopted today will improve the transparency and efficiency of the OTC market and continue to prioritize the protection of retail investors.[11]

Oddly, even though the fixed income markets had evolved in a manner that would appear to make Rule 15c2-11's application appropriate, and the clear language of the decades-old Rule appeared to cover all qualifying securities (not just equity securities), the Commission staff, FINRA, and most market participants seemed to assume that the Rule would and could only ever apply to equity securities.

That assumption changed, however, in early 2021.

Then, a new Commission Chairman and senior staff looked at the non-equity securities markets and the language of the Revised Rule, and started communicating to the public

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[8] Proposed Revised Rule, at 58207.

[9] See, e.g., Letter from Christopher Gerold, NASAA, to Vanessa Countryman, SEC, Dec. 7, 2019, *available at* https://www.sec.gov/comments/s7-14-19/s71419-6587836-201868.pdf; Letter from Dennis Kelleher and Lev Bagramian, Better Markets, to Vanessa Countryman, SEC, Dec. 30, 2019, *available at* https://www.sec.gov/comments/s7-14-19/s71419-6587882-201855.pdf.

[10] Publication or Submission of Quotations Without Specified Information, SEC, 85 Fed. Reg. 68124 (Oct. 27, 2020), *available at* https://www.govinfo.gov/content/pkg/FR-2020-10-27/pdf/2020-20980.pdf ("Revised Rule").

[11] Statement of Hon. Elad Roisman, SEC, Sept. 16, 2020, *available at* https://www.sec.gov/newsroom/speeches-statements/roisman-statement-adoption-amendments-rule-15c2-11 (emphasis added).

their intention to apply the Revised Rule to non-equity securities (subject to new exemptions).

Not surprisingly, many objected. Although HMA supported the intentions of the Commission's proposed enforcement of Rule 15c2-11 to non-equity securities, we were concerned about the seemingly haphazard process.[12] FINRA's rules, examinations, and compliance regime with respect to Rule 15c2-11 had, for decades, limited the Rule's enforcement to OTC equity securities. And while market participants and regulators had passively observed the rapid electronification of fixed income trading markets, for example, they had not previously publicly made the explicit determination that Rule 15c2-11 should and would be applied to non-equity securities.

There was not a material solicitation of comments on the new enforcement approach, or broad economic analysis of the impacts. There were no FAQs or other clear guidance or proposed changes to FINRA's complementary rules, examinations, or compliance regime. And so, while we were sympathetic to Chairman Gensler's desire to apply Rule 15c2-11 to non-equity securities, we remained concerned that it was not occurring via a measured, deliberative process.

Days before the Revised Rule was to go into effect, the staff for the Division of Trading and Markets released a three-month no-action letter essentially exempting debt securities from the rule's application.[13] In September 2021, the Revised Rule came into effect and the SEC approved revisions to FINRA's rule to implement the changes.[14]

On December 16, 2021, the Commission staff issued another no-action letter that established a phasing in timeline for application of the Revised Rule to different fixed income assets.[15] Thereafter, several firms and trade groups continued to express concerns with applying the Revised Rule to non-equity securities, and the Commission and its staff provided exemptive and no-action relief.[16]

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[12] Letter from Tyler Gellasch, HMA, to Hon. Gary Gensler, SEC, Jan. 13, 2022, *available at* https://healthymarkets.org/wp-content/uploads/2022/02/15c2-11-Letter-to-SEC-1-13-22-1-1.pdf. See also Letter from Tyler Gellasch, HMA to Hon. Gary Gensler, SEC Aug. 30, 2022 *available at* https://healthymarkets.org/wp-content/uploads/2022/08/HMA-ltr-to-SEC-re-15c2-11-8-30-22-2.pdf

[13] Letter from Josephine Tao, SEC, to Racquel Russell, FINRA, Sept. 24, 2021, *available at* https://www.sec.gov/files/rule-15c2-11-fixed-income-securities-092421.pdf.

[14] *Order Granting Approval of a Proposed Rule Change Relating to Members' Filing Requirements Under FINRA Rule 6432 (Compliance With the Information Requirements of SEA Rule 15c2-11)*, SEC, 86 Fed. Reg. 51700 (Sept. 16, 2021), *available at* https://www.govinfo.gov/content/pkg/FR-2021-09-16/pdf/2021-19968.pdf.

[15] Letter from Josephine Tao, SEC, to Racquel Russell, FINRA, Dec. 16, 2021, *available at* https://www.sec.gov/files/fixed-income-rule-15c2-11-nal-finra-121621.pdf ("December 2021 No Action Letter").

[16] *Order Granting Broker-Dealers Exemptive Relief, Pursuant to Section 36(a) and Rule 15c2-11(g) under the Securities Exchange Act of 1934, from Rule 15c2-11 for Fixed-Income Securities Sold in Compliance with the Safe Harbor of Rule 144A under the Securities Act of 1933*, SEC, 88 Fed. Reg. 75343 (Nov. 2,

Proposal

In many respects, the current Proposal is quite simple – it would revise the language of the Revised Rule 15c2-11 to "replace the terms 'security' and 'securities' with the terms 'equity security' or 'equity securities'."[17] In doing so, the Proposal would explicitly tie the definition to the "equity security" definition in Rule 3a11-1.[18]

The Proposal would not substantively change the requirements for covered equity securities. Nor would it portend to "excuse brokers and dealers from their duty to comply with applicable registration and antifraud provisions of the Federal securities laws and Commission rules, including their duty to make reasonable inquiry with respect to non-equity securities."[19]

Put another way, the Proposal would explicitly carve non-equity securities out of the Rule's application.

The Commission Cannot Ignore the Evolution of Non-Equity Securities Markets

The plain language of Rule 15c2-11 is for it to apply to securities and trading that meets the criteria – whether equity securities or not. The Commission is proposing to change that, but has not undertaken the requisite collection of facts or engaged in the analysis necessary to support such an action.

The Administrative Procedure Act generally requires an agency to gather the relevant facts, engage in a basic analysis of those facts, and connect those facts and analysis to the proposed agency action. In invalidating a Commission Exemptive Order, the Court of Appeals for the District of Columbia Circuit recently reminded the Commission that the Administrative Procedure Act:

> requires [a court] to "hold unlawful and set aside agency action, findings, and conclusions found to be … arbitrary" or "capricious." To satisfy that standard, an agency must "examine the relevant data and articulate a

2023), *available at* https://www.govinfo.gov/content/pkg/FR-2023-11-02/pdf/2023-24245.pdf and Letter from Josephine J. Tao, SEC, to Racquel Russell, FINRA, (Nov. 22, 2024), *available at* https://www.sec.gov/files/investment/no-action/fixed-income-rule-15c2-11-no-action-letter-finra112224.pdf.

[17] Proposal, at 13245.

[18] Proposal, at 13245.

[19] Proposal, at 13245-46 (citing the 1971 Adopting Release).

> satisfactory explanation for its action including a rational connection between the facts found and the choice made.[20]

The Proposal does not seek facts related to the trading of the non-equity securities that it would seek to exclude from the Rule's application. It doesn't assess whether and how different types of non-equity securities should be considered.

Put simply, the Proposal does not distinguish why its (uncollected) facts support its (non-existent) analysis and (summary) conclusion that quotations for non-equities securities (such as fixed income securities or digital asset securities) should be excluded from the Rule's application.

The original purpose of Rule 15c2-11 plainly applies to modern fixed income trading. As one Commissioner noted at the time of adoption of the Revised Rule, fixed income markets have evolved significantly in recent years. Those evolutions make many of the risks in trading in non-equity securities markets similar to those in OTC equity securities. The Proposal simply ignores this reality.

The Commission must address the evolution of the markets that is now seeking to explicitly exclude from the application of the Rule. There are many facts to gather and analyze. For example, how are fixed income assets traded? In recent years, the trading of non-equity securities, and fixed income securities in particular, has become increasingly electronic. As one market expert summarized last year:

> Fixed-income electronic trading adoption from then to now does an even better job of showing the change. First, here are the changes from 2015 to 2025:
>
> - U.S. investment grade: 20% to 48%
> - U.S. high yield: 6% to 32%
> - EU investment grade: 46% to 63%
> - EU high yield: 22% to 44%
> - Municipal bonds: 6% to 18%
> - U.S. Treasuries: 42% to 56%
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> [21]

What about asset-backed securities?

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[20] *Cboe Futures Exchange, LLC v. SEC*, No. 21-1038 (D.C. Cir. 2023) (citing *Encino Motorcars, LLC v. Navarro*, 579 U.S. 211, 221 (2016) (quoting *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983))).

[21] *Ten years of fixed-income market structure evolution*, Crisil-Coalition Greenwich, June 10, 2025, *available at* https://www.greenwich.com/blog/ten-years-fixed-income-market-structure-evolution.

What are the factors in how those markets trade? And why should those markets now be excluded from the application of the Revised Rule?

What information is available about the securities in each of those markets?

Again, investors' need for accurate financial information about securities is not narrowly limited to just equity securities. In fact, accurate financial information about fixed income securities may be even less readily available than for equities. This may be particularly true for corporate bonds that may be offered and sold pursuant to the Commission's numerous regulatory exemptions–including those offered using Rule 144A.

However, just because financial information may not be publicly available does not mean that the information is not available. Broker-dealers often do have access to the information. And many institutional investors can also get access to some financial information, upon request. But what about the debt issuers that don't share current, public financials?

There is a significant risk that information provided to investors in these transactions may be inaccurate or out-of-date. While many institutional investors, including pension funds and insurance firms, may be provided the information they request, many – particularly smaller institutions – will not get all the essential information, and even those that do receive the information often do not have the resources to most effectively make use of it.

In corporate debt securities, many investors often rely heavily on public financials of a parent or affiliate. However, in mortgage and other asset backed securities, investors often have little more to rely upon than credit ratings, limited due diligence of the issue (such as sampling), and some limited due diligence of the trustee.

Moreover, there is also a risk that the broker-dealer who may be providing quotations in a fixed income security has much more information about the security and issuer than the would-be investor. For example, the broker-dealer is often involved in creating and selling the offering, or it may have other relationships with the issuer giving it access to greater and more accurate information than investors. This is important because it means placing an obligation on such a broker-dealer to have such information before it executes trades is in many instances not burdensome. Also consider that a dealer with such information might be viewed as insider trading if it was in the public markets-a risk that is not purely theoretical.

Many of the "toxic assets" underpinning the Global Financial Crisis arose in private debt offerings wherein the fixed income investors believed they had all the information they needed. Of course, many did not. Further, that information was frequently possessed by their broker-dealer or could be obtained. In many instances, the issuers and banks

selling these securities to investors did have information that would have materially impacted the prices and volumes of trading, had that information been publicly shared.

Interestingly, applying Rule 15c2-11 to fixed income securities would have a narrowly targeted impact. For example, the issuers that have relied on Rule 144A to sell their debt that are most likely to be impacted (because they don't currently provide public financials) are likely disproportionately associated with private equity, and in industries like oil and gas (including pipelines), healthcare, retail, and telecommunications. These are non-equity securities markets wherein information asymmetries and potential market abuses may be extremely high. Put simply, the potential benefits of Rule 15c2-11 may be significant.

Similarly, what about non-equity securities that may be digital assets? Obviously, digital asset securities should not be carved out.

The Commission has heard extensively from experts about the explicit value of applying Rule 15c2-11 to digital asset securities. And while the Proposal asks some questions about digital asset securities, it would only apply the Rule to those that are deemed "equity securities." That is artificially narrow.

On April 11, 2025, the Commission's Crypto Task Force hosted a Roundtable, *Between a Block and a Hard Place: Tailoring Regulation for Crypto Trading*, in which multiple participants discussed the potential value of ensuring that trading digital asset securities overseen by the Commission be subject to a broker-dealer quotation obligation similar to Rule 15c2-11.[22]

A representative of Cumberland DRW, a leading market maker in digital assets, explained:

> [F]rom my perspective, from our perspective, you know, I think 15c2-11, like, something like it, where, you know, you sort of have this obligation to make sure that information is current, it's publicly available, you know, having disclosures about sort of the material aspects of a token and sort of how the underlying network works, governance, the project team, and sort of in their holdings of tokens, you know, to the point you just made, Ty, like, I think that is important. That's healthy for markets.

[22] Remarks of Tyler Gellasch, HMA, Crypto Task Force Roundtable 4-11-2025, video available at https://www.youtube.com/watch?v=glmlf_zORfQ, ("Crypto Task Force Roundtable Video")(responding to a question beginning at 51:10 and beginning again 1:22:45); Remarks of Chelsea Piazzo, Cumberland DRW, Crypto Task Force Roundtable Video (responding to a question beginning at 1:23:00); and Remarks of Richard Jefferson, Texture Capital, Crypto Task Force Roundtable Video (continuing response to question beginning at 1:23:00). *See also,* Letter from Tyler Gellasch, HMA, to Hester Peirce, SEC, Apr. 11, 2025, at 10, *available at* https://www.sec.gov/files/ctf-input-gellasch-hma-041125.pdf.

> …
>
> I think sort of the general idea of something like a, you know, 15c2-11 type of disclosure, I think, is good for markets and that kind of transparency is helpful.[23]

Similarly, the Founder and CEO of Texture Capital explained "I think 15c2-11 is a good example of how we can move forward… I think it's a really good framework … to move forward on."[24]

None of the market participants, this author included, narrowly confined our comments to just those digital asset securities that would be deemed "equity securities."

The Proposal effectively ignores the obvious similarities between OTC equities securities trading and trading in digital assets broadly, as well as the clear connections several leading experts made between them. It cannot do that, and reasonably be in compliance with its obligations under the Administrative Procedure Act.

The Commission Should Consider How It Might Apply Rule 15c2-11 to Non-Equity Securities

As we shared with the Commission a few years ago:

> Broker-dealers have generally not previously endeavored to comply with Rule 15c2-11 for trading in [non-equity] securities, and we are not aware of the Commission or FINRA ever bringing an enforcement action or taking other action to ensure the application of the rule to fixed income securities in the more than fifty years of the Rule's existence. Consistent with the view that the Rule wasn't applied to fixed income trading, we are not aware of FINRA ever asking brokers-dealers how they are complying with the Rule in fixed income or having any examination module dedicated to the topic.

At an initial level, broker-dealers will need to engage in a process (or buy a product from a vendor) to ensure that they can comply with the Rule. That means not just obtaining information for issuers, but also having "a reasonable basis under the circumstances for believing that: (1) The documents and information specified in paragraph (b) of this

[23] Remarks of Chelsea Piazzo, Cumberland DRW, Crypto Task Force Roundtable Video. (responding to a question beginning at 1:23:00).
[24] Remarks of Richard Jefferson, Texture Capital, Crypto Task Force Roundtable Video (continuing response to question beginning at 1:23:00)

section are accurate in all material respects; and (2) The sources of the documents and information specified in paragraph (b) of this section are reliable."[25]

When the Commission briefly considered enforcing Rule 15c2-11 with respect to non-equity securities, we were concerned that the agency had not made it clear exactly what data would be required to be captured and reviewed for those other securities types.[26] We further sought resolution of other questions for the application of the Rule to non-equity securities, such as who would be the relevant "issuer" for asset-backed securities.[27] Those and other questions remain.

For example, we also have a myriad of other questions about how Rule 15c2-11 should be applied, including:

- What would constitute a "quotation" or a "medium" in non-equity securities markets?
- Could a broker rely upon "unaudited" financial statements, and if so, could they be simply "auditor reviewed," or some other standard?[28]
- What would constitute a "reasonable basis" for the broker to fulfill its requirements with respect to non-equity securities?

These questions must be directly addressed for fixed income securities and non-equity digital asset securities, but should be considered for other non-equity securities.

Lastly, we note that many of the most vigorous objections to the enforcement of Rule 15c2-11 to non-equity securities related to Rule 144A corporate debt securities, and that some of these issuers do not currently provide sufficient public information to satisfy the Rule.[29] That's a problem that the Commission has previously identified, but is now choosing to ignore.

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[25] 17 C.F.R. 240.15c2-11.

[26] See, Letter from Tyler Gellasch, HMA, to Hon. Gary Gensler, SEC, Aug. 30, 2022, at 6, *available at* https://healthymarkets.org/wp-content/uploads/2022/08/HMA-ltr-to-SEC-re-15c2-11-8-30-22-2.pdf.

[27] Id.

[28] For example, Rule 15c2-11 has historically required audited financials. *See, e.g.,* Revised Rule, at 68158 ("The asset test and shareholders' equity prong under amended Rule, however, require use of an audited balance sheet, which should help mitigate any potential concerns about the reliability of the financial information."). But issuers of debt securities under Rule 144A may not provide audited financials. Similarly non-equity digital asset securities issuers may also not provide audited financials. Nevertheless, pursuant to the Proposal, an equity securities issuer would be held to a much higher standard than a non-equity securities issuer. The Commission has not materially explained, much less justified, this seemingly arbitrary distinction.

[29] HMA August 2022 Letter, at 7.

Conclusion

It is one thing to collect the relevant facts, analyze them, and determine that non-equities markets should be excluded. However, it is entirely different to just ignore those markets, and simply conclude – just because the Rule hasn't been enforced with respect to them before – that those securities markets should be forever exempted from the Rule's application.

If the Commission is to explicitly carve out non-equity securities from Rule 15c2-11, as the Proposal would, the Commission must first consider those non-equity securities markets. That consideration should include the nature of the securities being traded, the mechanisms used for quotations and trading, and whether the objectives of Rule 15c2-11 apply to them.

Because the Proposal fails to collect the relevant facts and undertake an analysis of those facts sufficient to reasonably justify its conclusion to exclude non-equity securities, the Commission has failed to satisfy its obligations under the Administrative Procedure Act. We urge the Commission to gather the facts and perform the necessary analysis with all deliberate speed.

Separately, we believe that once that analysis is performed, the Commission is likely to determine that the evolution of several fixed income securities markets and non-equity digital asset securities warrant the application and enforcement of Rule 15c2-11. However, because the Rule has not traditionally been enforced with respect to those securities, the Commission and FINRA should – through notice and comment rulemaking – refine the substantive expectations for Rule 15c2-11 to each covered asset class.[30]

Thank you for your consideration. Should you have any questions or would like to discuss these matters further, please contact me at (202) 909-6138.

Sincerely,

Tyler Gellasch
President and Chief Executive Officer

[30] See, e.g., Form 211, FINRA, *available at* https://www.finra.org/filing-reporting/over-the-counter-reporting-facility-orf/form-211 (last viewed Aug. 22, 2022).