

NOIP

NATIONAL ORGANIZATION OF
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VIA EMAIL AND FEDERAL EXPRESS

November 24, 2010

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

Re: Comments Regarding SR-NYSEArca-2010-61, SR-NYSE-2010-49, SR-NASDAQ-2010-079, SR-CBOE-2010-065, SR-BATS-2010-18, SR-CHX-2010-14, SR-EDGA-2010-05, SR-EDGX-2010-05, SR-ISE-2010-66, SR-BX-2010-044, SR-NSX-2010-08, SR-NYSEAmex-2010-63, also File No. 265-26, Joint CFTC-SEC Advisory Committee on Emerging Regulatory Issues

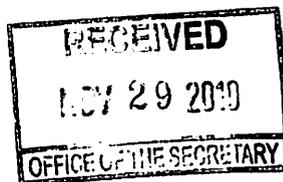
NOIP Proposal to Ameliorate Extreme Market Volatility

Dear Ms. Murphy:

The National Organization of Investment Professionals (NOIP) welcomes the opportunity to comment on the Pilot Program in Single Stock Circuit Breakers. We support the Commission's effort to improve the structure of our markets by taking steps to reduce excessive volatility.

The NOIP is a non-profit organization of investment professionals, including chief executives, institutional traders, portfolio managers for registered investment advisers, and representatives from broker-dealers, stock exchanges, ECN's, floor brokers and specialists. Our members share the common objective of fostering a favorable regulatory environment for all market participants.

On September 30, 2010, the staffs of both the U.S. Commodity Futures Trading Commission ("CFTC") and the U.S. Securities and Exchange Commission ("SEC" or "Commission") (the "Staffs") released a report entitled "Findings Regarding the Market Events of May 6, 2010" to the Joint Advisory Committee on Emerging Regulatory Issues ("Committee").



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This report detailed the Staffs' findings regarding the sudden decline and rapid recovery of U.S. equity-based markets during a single afternoon of trading last spring. The events of that day have shaken investor confidence and they remain a source of continuing concern to market participants. Since May 6th, Self-Regulatory Organizations, at the urging of the SEC, have moved quickly, working together to create and implement a pilot program of market-wide individual stock circuit breakers (in a select group of stocks) that address concerns related to the precipitous swing that occurred during a 20 minute period on May 6. The Commission approved the "Pilot Program" of circuit breakers for a six-month period which will conclude on December 10, 2010. To date, the circuit breakers have been relatively effective in preventing extreme price declines in individual securities, but there have also been a number of instances of "false positive" stock price moves that were triggered by clearly erroneous trades and resulted in unnecessary trading halts. The NOIP urges the Commission to undertake a review of the effectiveness of the current circuit breaker pilot program together with an evaluation of alternative measures that could eliminate the shortcomings of the current circuit breakers.

The NOIP believes that the events of May 6, 2010 exposed a serious market structure flaw that resulted in the failure of U.S. equity markets to operate in a fair and orderly manner. While we applaud the Commission's expedited response to those events, we wish to express our opinion that single stock circuit breakers, as currently constructed, are a less than optimal solution to this market structure issue. NOIP believes that complete trading halts are extreme procedures that should be reserved for the most urgent exigencies since the price discovery process is best served by continuous trading in a fair and orderly market. Our view is that the implementation of a "limit up/limit down" price banding program in conjunction with a modified circuit breaker mechanism, as described below, would offer effective protection from extreme volatility while permitting a more rapid return to normal trading conditions should stabilizing contra-side interest materialize.

In recognition of the concept that "simpler is better," we propose that the Commission establish a specific, pre-determined acceptable trading "collar" of 10 % limit up/limit down for individual stocks relative to the trailing last sale for the previous ten minutes. We believe this bandwidth will be sufficient to contain extreme price movements without impeding normal trading activity. Such a collar should be enforced market-wide for all NMS securities and communicated to market participants as close to real time as technically feasible. Should a trade be executed at the outer limit of a collar, additional trades would not be permitted to be executed at a price further away from the trailing last sale, but could continue at the collar price or closer for a period of 5 minutes. If contra-side interest does not materialize within the five minute time period, we propose that trading be halted for a period of ten minutes followed by a re-opening cross according to the standard opening procedures and normal trading parameters of the primary listing market of the halted security.

The NOIP offers these proposals as a starting point for discussion. We recognize that exceptions to our proposal may have to be considered for illiquid and/or high or low priced stocks and block

Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
November 24, 2010 - Page 3

trades. Trading in highly liquid stocks may benefit from a tighter price band than the parameters utilized in less liquid issues. We suggest that such exceptions, as well as any new proposals be developed in consultation with industry experts.

The NOIP's main focus is to further the goal of improving our capital markets to best serve the needs of both investors and issuers. We appreciate the opportunity to submit our views on this important matter and look forward to providing further comments on these and other equity market issues as the Commission considers specific initiatives and rulemakings with regard to circuit breakers.

Very truly yours,

Daniel Hannafin
Chairman
National Organization of Investment Professionals

C: The Honorable Mary L. Schapiro, Chairman
The Honorable Kathleen L. Casey
The Honorable Elisse B. Walter
The Honorable Luis A. Aguilar
The Honorable Troy A. Paredes