

May 17, 2012

SEC
SAN FRANCISCO

2012 MAY 21 PM 3:02

Dear SEC Chairwoman Mary Schapiro and/or SEC Regulator,

How can dark pools be legal? In a free market public auction market, there has been an overwhelmingly increase in volume in outside the box shares only open to a select few group of traders. This has been so frustrating and unfair to any trader/investor who uses limit orders.

Dark pool volume specifically hurts investors who trade thinly traded stocks. In thinly traded stocks where there is a spread between the bid and the offer, the difference of not executing a stock because of a dark pool beneath your order could ultimately not getting filled ever or lowering my offer by fifty cents or more. To give you an example, if I have an order to sell 1000 shares on the offer at \$26.90 in a thinly traded stock, there could be three or four thousand shares that print at 26.89999 on ADFN (a dark pool). I may be the only offer at \$26.90 on level 2 quotes, but it doesn't matter. To me this sounds extremely unfair and possibly illegal. My order was the lowest offer and I do not have access to the numerous dark pools out there and it is crazy to me there could be executions a tiny fraction beneath my lowest offer. Given the amount of volume taken place in dark pools, retail investors are losing confidence in the US stock markets.

Please bring transparency to the market and make it fair to those investors who use limit orders. The difference of getting an execution and not getting an execution could mean the difference of making or losing money. Please end this egregious practice of "dark" executions a fraction beneath the transparent bid and offer by making dark pools illegal.

Sincerely,

An investor who believes in stock market transparency

FOR ELLIOTT REED, ET AL.



Securities and Exchange Commission

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REAGAN