LEKSECURITIES

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Supplemental Comment by Lek Securities Corporation on BATS Exchange Inc. Proposed Rule Change as modified by Amendment No. 1 Thereto, to Adopt New Rule 8.17 to provide a Process for an Expedited Suspension Proceeding and Rule 12.15 to Prohibit Layering and Spoofing.

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This additional comment is supplied in response to the comment submitted by FIA Principal Traders Group ("FIA PTG"). In our original comment it was noted that what both of BATS' proposals have in common is that, if adopted, they would eliminate risk from front-running strategies employed by the Exchange's most cherished high-frequency trading owners and members. FIA PTG's members are a good representation of these most favorite members that often employ strategies that seek to trade with the Contra-Side Orders and use the Original Orders as a free stop-loss, i.e. a means to "get out" with limited or no loss if they are wrong. It is therefore not surprising that FIA PTG supports the proposed rules.

What FIA PTG is advocating is the ability to detect institutional buying interest and to be able to front-run institutional orders risk free, i.e. they seek to buy stock ahead of the institution, bid up the price, and re-sell stock back to the institution at a higher level.

In a free market this strategy entails risk as the high-frequency trader does know for sure whether what is perceived to be institutional buying interest will follow through or cancel. They therefore seek regulatory protection and advocate rules that would eliminate trading strategies that add such risk to their front-running strategies. In order to protect the front-running they need rules that penalize traders that cancel orders that high-frequency trades seek utilize as free put options. If after the front-running the stock continues to rise, the front-runner sells at a profit. If however the stock goes down, the front-runner seeks to employ the Original Orders as a free put options. When the Original Orders cancel, they cry foul and complain of "manipulation".

The proposed rules benefit high frequency traders at the expense of institutional investors. Institutional investors, such as pension funds and insurance companies represent millions of American investors. These institutions regularly complain that when they try to buy stock the price is run up ahead of them. The Commission should protect American investors; not high frequency traders that seek to front-run their orders and seek regulatory protection for their strategies. Congress envisioned that the Act would perfect the mechanism of a free and open market. The risk that front-runners face that orders that are relied upon as free put options might cancel is an inherent risk of trading in a free market. Regulatory interference with this risk is unwarranted and would cost investors billions.

The Commission should reject the Exchange's proposed rules in their entirety.

Respectfully submitted,

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