



July 24th, 2012

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

RE: RE: SR-CBOE-2012-59; SR-C2-2012-11; SR-BOX-2012-007; SR-ISE-2012-57; SR-BX-2012-46;
SR-PHLX-2012-81; SR-NYSEArca-2012-44 Collectively known as "Effectiveness of Proposed
Rule Change Relating to the Penny Pilot Program"

Dear Ms. Murphy,

KOR Trading LLC ("KOR")¹ appreciates the opportunity to comment on the above referenced rule filings which seek to extend the Options Penny Pilot ("Pilot") to December 31, 2012. The Pilot program originally was adopted on January 26th, 2007 by the then six options exchanges and fully rolled out by 2009. The Securities & Exchange Commission "Commission" then approved an extension to the pilot and expanding it with the 300 most active symbols. The most active 362 symbols have now been converted to trade in pennies.

During the past 4 ½ years of the pilot phase, the collective exchanges have been required to report on a quarterly basis to the Commission the effects of the Pilot program². These reports have it abundantly clear that the Pilot has been a success to the investing public by significantly reducing quoted spreads overall and in some cases by over 50%. Further size reductions have not been reduced to such a degree to prevent the average OCC cleared option contract size of less than 18 contracts for the individual investor from being affected by the pilot.

¹ KOR Trading LLC brings over 26 years of experience at helping individual investors and serves to consult exchanges, brokers and advisors on structural, regulatory and political issues.

² See various exchange reports to the Commission:

<http://www.nasdaqtrader.com/content/marketregulation/phlxreg/022908.pdf>;

<http://www.nasdaqtrader.com/content/marketregulation/phlxreg/082808.pdf>;

<http://www.nasdaqtrader.com/content/marketregulation/phlxreg/022709.pdf>

<https://www.cboe.org/hybrid/pennypilot.aspx>;

<http://www.ise.com/WebForm/viewPage.aspx?categoryId=152>

http://www.bostonoptions.com/boxrReports_en;

http://www.nyse.com/pdfs/Penny_Pilot_Report_Phase4_6.pdf;

<http://www.nyse.com/pdfs/NYSE%20Amex%20Penny%20Pilot%20Phase%20VI%20Report%20FINAL%208-3-2010.pdf>

<http://www.nyse.com/pdfs/PPSummary.pdf>

Moreover, capacity which was a concern during the expansion of the Pilot has kept pace with the market and validating that the quote mitigation plans which were a requirement of the Pilot program are working as designed. KOR does not intend to belabor the enormous benefits that the Penny Pilot Program has brought to the Options market, and individual investors as the exchanges and the exchange reports do an excellent job of demonstrating those benefits.

In fact no point can be better elaborate the benefits of the Pilot than the following exchanges view which claims:

"It is clear; the benefits of the penny trading increments have been substantial – better prices and tighter spreads - Beyond expanding the program, it should be made a permanent fixture of the options market".³

KOR agrees with the above exchanges view and believes the program which was launched in 2007 has demonstrated its success and KOR believes the Commission should now move in an expeditious manner to formally adopt and make permanent the Pilot.

KOR Trading appreciates the opportunity to comment on the above proposal. Should you have any questions or require further information, please do not hesitate to contact Christopher Nagy at 402-312-7918.

Sincerely,



Christopher Nagy
President
KOR Trading LLC

³ See BATS Exchange letter to the SEC dated August 28, 2009;
http://batstrading.com/resources/comment_letters/BATS_Exchange_CL_09-08-28.pdf