

*June 27, 2012*

*Via Electronic Mail*

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

**Re: Securities Exchange Act Rel. No. 67085 (File No. SR-FINRA-2012-026);  
Notice of Filing of Proposed Rule Change Relating to the Handling of Stop  
and Stop Limit Orders**

Dear Ms. Murphy:

TD Ameritrade, Inc.<sup>1</sup> (“TD Ameritrade” or “the Firm”) appreciates the opportunity to comment on the above referenced proposal filed by FINRA with the Securities and Exchange Commission (“Commission”). FINRA Rule 6140(h) relates to the handling of stop orders. In its proposal, FINRA seeks to add an alternative trigger to activate a market or limit order, so long as the alternative order type is clearly distinguishable from a stop order or a stop limit order. Although TD Ameritrade supports FINRA’s goal of providing investors with flexibility regarding the bases on which they can submit stop orders, the Firm believes FINRA’s proposal will create an undue burden on the industry to incorporate a new order type and may create unnecessary confusion.

TD Ameritrade fully supports FINRA’s original rule filing in this matter in which it proposed that member firms be provided the flexibility to determine whether the trigger of a stop order should be based on a transaction or quotation at the stop price. The Commission, in disapproving FINRA’s proposal noted that it did not articulate a reason why firms should have flexibility in determining when stop orders are triggered. TD Ameritrade believes that such flexibility exists in the markets today and retail investors are familiar with stop orders that are triggered off a quotation.

Over the years, brokers-dealers have provided retail investors more and more sophisticated tools and order types to reach their financial goals. Many retail investors, who do not spend their days monitoring the market in real-time, rely upon stop orders, trailing stop

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<sup>1</sup> TD Ameritrade is a wholly owned broker-dealer subsidiary of TD Ameritrade Holding Corporation (“TD Ameritrade Holding”). TD Ameritrade Holding has a 36-year history of providing financial services to self-directed investors. TD Ameritrade serves an investor base comprised of over 5.6 million funded client accounts with approximately \$431 billion in assets. During May 2012, the Firm averaged a total of 370,000 client trades per day.

orders and conditional orders to protect themselves from sudden price movements. In fact, the Commission's Office of Investor Education and Advocacy issued an Investor Bulletin last year to educate investors about the different types of orders they can use to buy and sell stocks through a brokerage firm. The Investor Bulletin details how broker-dealers have the flexibility to determine specific rules that will apply to stop orders:

For certain types of stock, some brokerage firms have different standards for determining whether a stop price has been reached. For these stocks, some brokerage firms use only last-sale prices to trigger a stop order, while other firms use quotation prices. Investors should check with their brokerage firms to determine the specific rules that will apply to stop orders.<sup>2</sup>

As for FINRA's proposal to create a specific order type to identify quotation-based stop orders, the Firm believes such is unnecessary as no one has identified that quotation-based stop orders are problematic or misunderstood by investors. Moreover, requiring the industry to create a quotation-based stop order type will impose additional costs on the industry without clearly defined benefits. Lastly, given that there does not appear to be investor complaints or confusion with existing industry practice, the Firm believes that creating a new order type may create unnecessary confusion.

In conclusion, TD Ameritrade believes that the Commission should re-consider FINRA's original proposal and allow brokerage firms the flexibility to use either transaction-based or quotation-based triggers for stop orders.

Please feel free to contact me at 402-970-5271 with any questions regarding our comments.

Respectfully Submitted,

/s/

Gary J. Sjostedt  
Director, Order Routing and Sales  
TD Ameritrade

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<sup>2</sup> <http://www.investor.gov/news-alerts/trading-basics-understanding-different-ways-buy-sell-stock>