



July 9th, 2012

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

RE: Release No. 34-67085; File No. SR-FINRA-2012-026 dated May 31st, 2012 "Proposed Rule Change relating to the Handling of Stop and Stop Limit Orders"

Dear Ms. Murphy,

KOR Trading LLC ("KOR")¹ appreciates the opportunity to comment on the Financial Industry Regulatory Authority's ("FINRA") proposed Rule 5350, otherwise known as Securities and Exchange Commission's ("SEC") Release No. 34-67085. In its proposal, FINRA seeks to relocate from Rule 6140(h) to new Rule 5350 the definition of stop orders to ensure that the existing and proposed stop order provisions apply uniformly to both OTC Equity Securities². KOR also notes that SIFMA "advocates the use of disclosures, rather than a new order type, to avoid investor confusion if FINRA were to permit the triggering of stop orders based on multiple events (e.g., transactions, quotations or otherwise)"³. KOR agrees with SFIMA that the use of disclosures especially those requiring positive consent would allow investors the flexibility they desire and reduce the burden on the industry to create a new order-types which would do little to address the confusion associated with Stop orders.

KOR agrees with FINRA that investors, specifically retail investors are "often confused by the nature of Stop Orders"⁴. In fact, order submission itself, including the submission of stop orders are somewhat of a mystery to the investor as can be evidenced by the reader comments from an article from KOR's founder to the American Association of Individual Investors⁵. Clearly as indicated by some of the reader comments such as:

"I used to use a lot of stop/limit orders to mitigate my losses and sell limit orders to take predetermined gains until....May 6, 2010. The

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

² Id.

³ See SIFMA letter on proposed Rule 5350 to Elizabeth M. Murphy dated June 26, 2012.

⁴ Id.

⁵ See: <http://www.aaii.com/journal/article/how-your-buy-and-sell-orders-get-filled>

unintended results and whip-sawing that I experienced made me rethink all of this. I now recognize that stop loss orders are nothing more than an offer to sell my valuable securities to someone else at a large discount! - posted about 1 year ago by Thomas from Wisconsin”

Furthermore, in the joint SEC/CFTC conclusion of the events surrounding May 6th, 2010⁶, stop orders contributed to the rapid decline of prices. Moreover, the Joint committee found that at least half of all broken trade share volume was due to retail customer sell orders which included stop orders. KOR believes the Commission was correct when they did not approve the previous FINRA proposal on the basis that the rule did not “promote the ability of investors to understand the key attributes of the order and make an informed choice as to whether to use a particular type of order.”

Finally KOR did a search on a number of large brokers who submit retail orders and found that there is very little in the way of disclosure or explanation of 1) how stop orders are submitted and subsequently executed, 2) the various methods for entering stop orders, 3) the likelihood that a stop order may execute at a far inferior price in volatile market conditions and 4) adequate disclosures to consumers regarding stop orders.

In conclusion, KOR believes that investor choices are of paramount consideration and increased industry rules would remove those choices investors enjoy today. Rather than limit those choices, KOR feels the best method would be to require that brokers provide increased disclosures and increased educational efforts to their customers under newly adopted FINRA rule 2090 “know your customer.”

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

⁶ See: <http://www.sec.gov/news/studies/2010/marketevents-report.pdf>