TD Ameritrade

November 30, 2011

Via Email and First Class mail

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

Re: File No. SR-NYSE-2011-55 & SR-NYSEAMEX-2011-84; collective notices of Rules filed to propose a One-Year Pilot Program adding new Rule 107C & 107C(a) respectively to establish a Retail Liquidity Program.

Dear Ms. Murphy:

TD Ameritrade, Inc.[1] ("TD Ameritrade" or "the Firm") appreciates the opportunity to comment on the above referenced proposals to add rules to establish a Retail Liquidity Program designed with retail investors in mind. TD Ameritrade is a strong proponent of fair and transparent markets that benefit retail investors. The programs proposed above appear quite appealing to those interests and the Firm generally supports the proposals. The Firm, however, has serious concerns discussed in greater detail below that we believe should be addressed prior to adopting the pilot program.

Sub-Penny printing will harm retail investors and the market

Nowhere is the topic of sub-penny printing better illustrated than within the rule filings where NYSE recognizes that "sub-penny trading and pricing could potentially result in undesirable market behavior."[2] Indeed, TD Ameritrade agrees that sub-penny trading can, is, and will be used to the detriment of retail investors which is exactly why the Firm strongly recommended to the Securities and Exchange Commission ("Commission") that sub-penny

1 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 5.5 million funded client accounts with approximately $405 billion in assets. During October 2011, the Firm averaged a total of 407,000 client trades per day.

2 Proposals at 16.

printing be eliminated from the markets both lit and dark.[3] Additionally, retail investors who place limit orders often complain about executions that occur in sub-penny increments ahead of their orders, and often point to sub-penny printing as the reason their order is not being executed. The filings additionally state that the NYSE "will monitor the Program in an effort to identify and address any such behavior" but provide little detail regarding how NYSE will prevent such behavior or how NYSE will address such behavior. Rather than allowing the practice, the Firm supports the elimination of sub-penny printing. In other words, TD Ameritrade believes that ***printing*** always should occur at the same increments that ***trading*** occurs.

In fact, if ***printing*** and ***trading*** were mandated within Rule 612 to occur at identical increments the RLP program could still exist and potentially provide even greater benefit to retail investors. While the Firm believes that retail investors appreciate obtaining better prices in the market, they would much rather trade a sub-penny improvement for enhanced liquidity or more shares of stock at the price they were quoted. If the program provided liquidity over the proposal of price improvement we believe certain retail investors would be much better off. Take for example a retail investor who is looking to buy 1,000 shares of XYZ. Under the current terms they may receive $0.001 in price improvement on a portion of their order or the potential to get $1.00 better on their 1,000 share order. That order, however, would most likely fill in several increments pennies, which may be away from the best displayed price as evidenced within the proposal itself.[4] Liquidity is a scarce commodity that is not even recognized within the qualitative statistics of SEC Rule 605. If however, additional liquidity were provided to the retail order rather than that $1.00 of potential price improvement, the client received an extra 100 shares, or even if their 1,000 share order filled at the best displayed price, the actual savings would be more apparent to the investors as now every 100 shares is worth a penny or $10.00 per thousand shares.

Regardless of the direction taken however, if the proposal is accepted, the Commission likely will be forced to align Rule 612 to conform to the rule proposal. The Firm, therefore, strongly recommends that the Commission amend Rule 612 to require that ***trading*** and ***printing*** in lit or dark venues occur at the same increment. The Firm strongly recommends that for all NMS Securities the Commission adopt a minimum tick size of one penny ($.01). The Firm also recommends that the Commission adopt File No**.** S7-27-09 "Regulation of Non-public Trading Interest" commensurate with the changes to Rule 612.

Protect the interest of Retail Investors

One of the central issues in the national market system debate is how to protect retail investors from the co-located informational and technological advantages obtained by high

[3] *See* TD Ameritrade comment letter regarding Release No. 34-61358; File No. S7-02-10 filed April 21, 2010. *See also* TD Ameritrade comment letter regarding Release No. 34-60997; File No. S7-27-09 filed February 22, 2010.

[4] Proposal at 14.

frequency traders. The Firm believes programs like the one being proposed are important to protect retail investors and TD Ameritrade compliments the NYSE for the innovation and creativity it has shown in seeking to enhance the retail experience in the marketplace. The Firm however cautions and is concerned how the Retail Liquidity Identifier ("RLI") [5] could potentially be utilized in a deleterious manner as it will be available to anyone who subscribes to the proprietary exchange data feeds. The Firm believes strongly that there is no benefit to disseminate RLI indications and recommends that indications are not transmitted either through proprietary or through consolidated quote streams. Left "as is" the Firm fears that high frequency traders will utilize the data contained within the private streams for their own benefit to prey on and thwart the intended benefits to retail investors.

The Firm believes these features are extremely important to protect investors and the public interest. Overall TD Ameritrade believes that the program structured properly could provide benefit to retail investors and applauds the NYSE's efforts to protect retail interests. TD Ameritrade appreciates the opportunity to comment. Please feel free to contact me at 402-970-5656 with any questions regarding our comments.

Respectfully Submitted,

/S/ Christopher Nagy

Christopher Nagy
Managing Director Order Strategy
TD Ameritrade

[5] Proposal at 12.