

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of * <input style="width: 40px;" type="text" value="18"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input style="width: 40px;" type="text" value="2012"/> - * <input style="width: 40px;" type="text" value="026"/> Amendment No. (req. for Amendments *) <input style="width: 40px;" type="text"/>
Proposed Rule Change by Financial Industry Regulatory Authority Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934		
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>
Section 19(b)(2) * <input checked="" type="checkbox"/>		
Section 19(b)(3)(A) * <input type="checkbox"/>		
Section 19(b)(3)(B) * <input type="checkbox"/>		
Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input style="width: 80px;" type="text"/>
<input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		
Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
<b>Description</b> Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; min-height: 30px;">Proposed Rule Change Relating to the Handling of Stop and Stop Limit Orders</div>		
<b>Contact Information</b> Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.		
First Name * <input style="width: 200px;" type="text" value="Racquel"/>		
Last Name * <input style="width: 200px;" type="text" value="Russell"/>		
Title * <input style="width: 500px;" type="text" value="Assistant General Counsel"/>		
E-mail * <input style="width: 500px;" type="text" value="racquel.russell@finra.org"/>		
Telephone * <input style="width: 100px;" type="text" value="(202) 728-8363"/> Fax <input style="width: 100px;" type="text" value="(202) 728-8264"/>		
<b>Signature</b> Pursuant to the requirements of the Securities Exchange Act of 1934,  has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.		
Date <input style="width: 100px;" type="text" value="05/24/2012"/>		
By <input style="width: 200px;" type="text" value="Stephanie M. Dumont"/>		Senior Vice President and Director of Capital Markets Policy
(Name *)		
(Title *)		
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.		
<div style="border: 1px solid gray; background-color: #cccccc; padding: 5px; display: inline-block;">Stephanie Dumont,</div>		

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information (required)**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change (required)**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**1. Text of Proposed Rule Change**

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend FINRA’s rules relating to the handling of stop and stop limit orders.

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

\* \* \* \* \*

**5000. SECURITIES OFFERING AND TRADING STANDARDS AND PRACTICES**

\* \* \* \* \*

**5300. HANDLING OF CUSTOMER ORDERS**

\* \* \* \* \*

**5350. Stop Orders**

(a) A member may, but is not obligated to, accept a stop order or stop limit order in a security. A “stop order” is an order to buy (or sell) that becomes a market order to buy (or sell) when a transaction occurs at or above (below) the stop price. A “stop limit order” is an order to buy (or sell) that becomes a limit order to buy (or sell) at the limit price when a transaction occurs at or above (below) the stop price.

(b) This Rule shall not apply to a “not held” stop or stop limit order.

**••• Supplementary Material: -----**

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

.01 A member may, but is not obligated to, accept an order type that activates as a market or limit order using an event other than a transaction at the stop price as the trigger (e.g., using a quotation at the stop price). In such cases, the order cannot be labeled a “stop order” or a “stop limit order” and must be clearly distinguishable from a “stop order” or a “stop limit order.” In addition, the member must disclose to the customer, in paper or electronic form, prior to the time the customer places the order, a description of the order type including the triggering event. A member that permits customers to engage in securities transactions online also must post the required disclosures on the member's website in a clear and conspicuous manner.

.02 To the extent a member routes a customer stop or stop limit order to another broker-dealer or exchange for handling or execution, the member must take reasonable steps to ensure that the order is handled or executed by the other broker-dealer or exchange in accordance with Rule 5350(a). Similarly, a member that routes to another broker-dealer or exchange other order types using an alternative trigger in accordance with Supplementary Material .01 above must take reasonable steps to ensure that the order is handled or executed by the other broker-dealer or exchange in accordance with the terms of the order as communicated to the customer placing the order.

\* \* \* \* \*

## **6000. QUOTATION AND TRANSACTION REPORTING FACILITIES**

### **6100. QUOTING AND TRADING IN NMS STOCKS**

\* \* \* \* \*

#### **6140. Other Trading Practices**

(a) through (g) No Change.

[(h)(1) A member may, but is not obligated to, accept a stop order in a designated security.]

[(A) A buy stop order is an order to buy which becomes a market order when a transaction takes place at or above the stop price.]

[(B) A sell stop order is an order to sell which becomes a market order when a transaction takes place at or below the stop price.]

[(2) A member may, but is not obligated to, accept stop limit orders in designated securities. When a transaction occurs at the stop price, the stop limit order to buy or sell becomes a limit order at the limit price.]

(i) redesignated as (h).

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

**2. Procedures of the Self-Regulatory Organization**

At its meeting on April 18, 2012, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA will announce the implementation date of the proposed rule change no later than 60 days following Commission approval. The implementation date will be no more than 150 days following Commission approval.

**3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

FINRA Rule 6140(h) addresses the handling of stop orders in NMS stocks.<sup>2</sup> Specifically, the Rule provides that a member may, but is not obligated to, accept a stop order in a designated security.<sup>3</sup> The Rule further provides that a stop order becomes a market order (or a stop limit order becomes a limit order) when a transaction takes place at or above the stop price (in the case of a buy stop order) or at or below the stop price (in the case of a sell stop order).<sup>4</sup>

Although Rule 6140(h) provides that a stop order is triggered by a transaction, FINRA understands that certain firms and their customers prefer alternative triggers for activating a stop or stop limit order. For example, some members have noted that using quotations may be preferable because, for some securities, quotations serve as a better indicator of the current price than transactions. Thinly traded securities (e.g., certain exchange-traded funds) have limited trading during the trading day, although quotations may be continuously updated and would serve as the better indicator of the current market price for these securities. As such, investors in these securities may prefer that their stop order be monitored against quotations instead of waiting for trades. Conversely, some members have indicated that customers could be disadvantaged by the triggering of a stop order on a quotation because doing so may result in an execution at a

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<sup>2</sup> The requirements in Rule 6140(h) were initially adopted by NASD (and the national securities exchanges) in 1975. See Notice to Members 75-42 (June 10, 1975) (Rules Governing Reporting of Transactions to Consolidated Tape).

<sup>3</sup> Rule 6140(a) defines a “designated security” as any NMS stock as defined in Rule 600(b)(47) of SEC Regulation NMS.

<sup>4</sup> Stop buy orders generally are entered by investors with short positions to limit losses should the stock price increase. Stop sell orders generally are entered in a stock whose price has increased substantially in order to protect the investor’s profits should the stock price decline.

price that the stock had never traded at that day – an outcome that may be considered undesirable for an investor placing a stop order.<sup>5</sup>

FINRA believes that, given the various risks and benefits of each triggering event, members and their customers should be permitted to consider these factors and determine which order type (and trigger) is appropriate. In this regard, FINRA previously proposed amendments to the Rule 6140(h) to delete the requirement that transactions at the stop price serve as the only triggering event for stop orders, thereby providing members and customers with the flexibility to tailor their order types. However, this proposal was not approved by the Commission based on concerns that the proposed 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.<sup>6</sup>

In light of the Commission's concerns, FINRA is proposing Rule 5350(a), which would retain the current transaction-based trigger for activating stop and stop limit orders and provide all investors placing a "stop order" or a "stop limit order" with certainty that their order will only be activated by a transaction at the stop price. At the same time, proposed Supplementary Material .01 to the rule would permit members to offer an alternative trigger to activate an order as a market or limit order, so long as such alternative order type is not labeled as a "stop order" or a "stop limit order" and is clearly distinguishable from a stop or stop limit order (e.g., an alternative order type that triggers

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<sup>5</sup> Other concerns with using quotations include that quotations may be more vulnerable to abuse because they can be manipulated to trigger stops and then withdrawn/changed. However, other members note that using transactions also could result in the improper triggering of a customer's stop order due to trades at prices outside of the current market – whether intentional or erroneous trades.

<sup>6</sup> See Securities Exchange Act Release No. 63885 (February 10, 2011), 76 FR 9062 (February 16, 2011) (Order Disapproving File No. SR-FINRA-2010-055).

using a quotation at the stop price may be labeled a “stop quotation order”).<sup>7</sup> In cases where the member offers an alternative order type that activates as a market or limit order using an event other than a transaction at the stop price, the member must disclose to the customer, in paper or electronic form, prior to the time the customer places the order (e.g., at account opening), a description of the order type including the triggering event.<sup>8</sup>

FINRA believes that, by requiring that alternative-trigger order types be labeled something other than a “stop” or “stop limit” order and be clearly distinguishable from a stop or stop limit order, members and customers will share a uniform understanding as to what will serve as the triggering event for “stop orders.” To complement this approach, proposed Supplementary Material .02 to Rule 5350 also would require that, to the extent a member routes a customer stop or stop limit order to another broker-dealer or exchange for handling or execution, the member must take reasonable steps to ensure that the order is handled or executed by the other broker-dealer or exchange in accordance with Rule 5350(a). Similarly, a member that routes to another broker-dealer or exchange other order types using an alternative trigger in accordance with Supplementary Material .01 must take reasonable steps to ensure that the order is handled or executed by the other broker-dealer or exchange in accordance with the terms of the order as communicated to the customer placing the order.

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<sup>7</sup> The proposed rule would not apply to “not held” orders. See proposed Rule 5350(b). Generally, a “not held” order is an un-priced, discretionary order voluntarily categorized as such by the customer. As such, because the customer has given the member price and time discretion, the proposed requirements would not apply to a “not held” stop or stop limit order.

<sup>8</sup> A member that permits customers to engage in securities transactions online also must post the required disclosures on the member's website in a clear and conspicuous manner.



Finally, the stop order definition is being relocated from Rule 6140(h) to new Rule 5350 to ensure that the existing and proposed stop order provisions apply uniformly to both OTC Equity Securities<sup>9</sup> and NMS stocks.

As noted in Item 2 of this filing, FINRA will announce the implementation date of the proposed rule change no later than 60 days following Commission approval. The implementation date will be no more than 150 days following Commission approval.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>10</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general, to protect investors and the public interest. FINRA believes that adopting the proposed rule change will provide customers with certainty as to how their stop orders will be treated, while also providing members with the flexibility to determine whether offering additional order types with alternative triggers are appropriate for their business and customer base, without compromising investor protection.

FINRA believes that the proposed rule change advances the protection of investors and the public interest in that it would further a more uniform definition of “stop order” and “stop limit order” for all equity securities, thereby providing investors with certainty as to the handling of such orders by their broker-dealers. In addition,

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<sup>9</sup> FINRA Rule 6420(e) defines “OTC Equity Security” as any equity security that is not an “NMS stock” as that term is defined in Rule 600(b)(47) of SEC Regulation NMS; provided, however, that the term “OTC Equity Security” shall not include any Restricted Equity Security.

<sup>10</sup> 15 U.S.C. 78o-3(b)(6).

FINRA believes that the proposed changes will promote just and equitable principles of trade by providing customers and members with the flexibility to select and offer other triggering events for alternative order types in accordance with their investment objectives and business models, while requiring members to disclose a description of the order type, including the triggering event, prior to the time the customer places the order.

**4. Self-Regulatory Organization's Statement on Burden on Competition**

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

**5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

Written comments were neither solicited nor received.

**6. Extension of Time Period for Commission Action**

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.<sup>11</sup>

**7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

Not applicable.

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

Not applicable.

**9. Exhibits**

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

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<sup>11</sup> 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-FINRA-2012-026)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to the Handling of Stop and Stop Limit Orders

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on , Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA’s rules relating to the handling of stop and stop limit orders.

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at the principal office of FINRA and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

FINRA Rule 6140(h) addresses the handling of stop orders in NMS stocks.<sup>3</sup> Specifically, the Rule provides that a member may, but is not obligated to, accept a stop order in a designated security.<sup>4</sup> The Rule further provides that a stop order becomes a market order (or a stop limit order becomes a limit order) when a transaction takes place at or above the stop price (in the case of a buy stop order) or at or below the stop price (in the case of a sell stop order).<sup>5</sup>

Although Rule 6140(h) provides that a stop order is triggered by a transaction, FINRA understands that certain firms and their customers prefer alternative triggers for activating a stop or stop limit order. For example, some members have noted that using quotations may be preferable because, for some securities, quotations serve as a better indicator of the current price than transactions. Thinly traded securities (e.g., certain exchange-traded funds) have limited trading during the trading day, although quotations

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<sup>4</sup> Rule 6140(a) defines a “designated security” as any NMS stock as defined in Rule 600(b)(47) of SEC Regulation NMS.

<sup>5</sup> Stop buy orders generally are entered by investors with short positions to limit losses should the stock price increase. Stop sell orders generally are entered in a stock whose price has increased substantially in order to protect the investor's profits should the stock price decline.

may be continuously updated and would serve as the better indicator of the current market price for these securities. As such, investors in these securities may prefer that their stop order be monitored against quotations instead of waiting for trades.

Conversely, some members have indicated that customers could be disadvantaged by the triggering of a stop order on a quotation because doing so may result in an execution at a price that the stock had never traded at that day – an outcome that may be considered undesirable for an investor placing a stop order.<sup>6</sup>

FINRA believes that, given the various risks and benefits of each triggering event, members and their customers should be permitted to consider these factors and determine which order type (and trigger) is appropriate. In this regard, FINRA previously proposed amendments to the Rule 6140(h) to delete the requirement that transactions at the stop price serve as the only triggering event for stop orders, thereby providing members and customers with the flexibility to tailor their order types. However, this proposal was not approved by the Commission based on concerns that the proposed 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.<sup>7</sup>

In light of the Commission's concerns, FINRA is proposing Rule 5350(a), which would retain the current transaction-based trigger for activating stop and stop limit orders and provide all investors placing a "stop order" or a "stop limit order" with certainty that

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<sup>6</sup> Other concerns with using quotations include that quotations may be more vulnerable to abuse because they can be manipulated to trigger stops and then withdrawn/changed. However, other members note that using transactions also could result in the improper triggering of a customer's stop order due to trades at prices outside of the current market – whether intentional or erroneous trades.

<sup>7</sup> See Securities Exchange Act Release No. 63885 (February 10, 2011), 76 FR 9062 (February 16, 2011) (Order Disapproving File No. SR-FINRA-2010-055).

their order will only be activated by a transaction at the stop price. At the same time, proposed Supplementary Material .01 to the rule would permit members to offer an alternative trigger to activate an order as a market or limit order, so long as such alternative order type is not labeled as a “stop order” or a “stop limit order” and is clearly distinguishable from a stop or stop limit order (e.g., an alternative order type that triggers using a quotation at the stop price may be labeled a “stop quotation order”).<sup>8</sup> In cases where the member offers an alternative order type that activates as a market or limit order using an event other than a transaction at the stop price, the member must disclose to the customer, in paper or electronic form, prior to the time the customer places the order (e.g., at account opening), a description of the order type including the triggering event.<sup>9</sup>

FINRA believes that, by requiring that alternative-trigger order types be labeled something other than a “stop” or “stop limit” order and be clearly distinguishable from a stop or stop limit order, members and customers will share a uniform understanding as to what will serve as the triggering event for “stop orders.” To complement this approach, proposed Supplementary Material .02 to Rule 5350 also would require that, to the extent a member routes a customer stop or stop limit order to another broker-dealer or exchange for handling or execution, the member must take reasonable steps to ensure that the order is handled or executed by the other broker-dealer or exchange in accordance with Rule

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<sup>8</sup> The proposed rule would not apply to “not held” orders. See proposed Rule 5350(b). Generally, a “not held” order is an un-priced, discretionary order voluntarily categorized as such by the customer. As such, because the customer has given the member price and time discretion, the proposed requirements would not apply to a “not held” stop or stop limit order.

<sup>9</sup> A member that permits customers to engage in securities transactions online also must post the required disclosures on the member's website in a clear and conspicuous manner.

5350(a). Similarly, a member that routes to another broker-dealer or exchange other order types using an alternative trigger in accordance with Supplementary Material .01 must take reasonable steps to ensure that the order is handled or executed by the other broker-dealer or exchange in accordance with the terms of the order as communicated to the customer placing the order.

Finally, the stop order definition is being relocated from Rule 6140(h) to new Rule 5350 to ensure that the existing and proposed stop order provisions apply uniformly to both OTC Equity Securities<sup>10</sup> and NMS stocks.

FINRA will announce the implementation date of the proposed rule change no later than 60 days following Commission approval. The implementation date will be no more than 150 days following Commission approval.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>11</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general, to protect investors and the public interest. FINRA believes that adopting the proposed rule change will provide customers with certainty as to how their stop orders will be treated, while also providing members with the flexibility to determine whether offering additional order types with alternative

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<sup>10</sup> FINRA Rule 6420(e) defines “OTC Equity Security” as any equity security that is not an “NMS stock” as that term is defined in Rule 600(b)(47) of SEC Regulation NMS; provided, however, that the term “OTC Equity Security” shall not include any Restricted Equity Security.

<sup>11</sup> 15 U.S.C. 78o-3(b)(6).

triggers are appropriate for their business and customer base, without compromising investor protection.

FINRA believes that the proposed rule change advances the protection of investors and the public interest in that it would further a more uniform definition of “stop order” and “stop limit order” for all equity securities, thereby providing investors with certainty as to the handling of such orders by their broker-dealers. In addition, FINRA believes that the proposed changes will promote just and equitable principles of trade by providing customers and members with the flexibility to select and offer other triggering events for alternative order types in accordance with their investment objectives and business models, while requiring members to disclose a description of the order type, including the triggering event, prior to the time the customer places the order.

B. Self-Regulatory Organization’s Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:



(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2012-026 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2012-026. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule

change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2012-026 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Elizabeth M. Murphy  
Secretary

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<sup>12</sup> 17 CFR 200.30-3(a)(12).