FINTA

5350. Stop Orders

The Rule   Notices

(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:** ——————-

.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.

Adopted by SR-FINRA-2012-026 and amended by SR-FINRA-2013-004 eff. March 4, 2013.

Selected Notice: 12-50.