



## Clearly Erroneous Execution (Rule 128)

A **Clearly Erroneous Execution (“CEE”)** is an execution with an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security. The procedures and parameters below are applicable to NYSE and NYSE MKT (collectively, the “Exchanges”). For the complete text of the Exchange rules, please refer to NYSE and NYSE MKT Rule 128 [http://www.nyse.com/pdfs/NYSERegulationMemo\\_09\\_48.pdf](http://www.nyse.com/pdfs/NYSERegulationMemo_09_48.pdf)

NYSE and NYSE MKT members/member organizations are responsible for ensuring that the terms of an order entered into Exchange systems are accurate. Such responsibility extends to customers of members and member organizations who have direct or sponsored access to Exchange order entry systems.

### Clearly Erroneous Review Requests

Exchange Rule 128 requires members and member organizations to make all requests for review in writing within 30 minutes from the time of execution by using the web form provided at [www.nyx.com/CEE](http://www.nyx.com/CEE). If the web form is unavailable, email requests will be accepted at [dotreview@nyx.com](mailto:dotreview@nyx.com). NYSE and NYSE MKT Floor participants may continue to request reviews of CEEs in person on the Floor of the Exchange at the Executive Ramp.

Review Requests must include the following essential information and any additional information as noted on the web form:

- Execution(s)
- Security symbol(s)
- Number of shares
- Price(s)
- Side (bought or sold)
- Factual basis for believing that the execution is clearly erroneous

Note: The web form provides two options for submitting requests for reviews of Orders containing multiple securities & multiple executions (basket orders), one of these options must be used for processing the review request. Requests for review of an “Outlier Filing,” as defined below, must be received within 60 minutes of the execution timestamp.

- Filers will receive both confirmation of receipt of the request and final determination by email.

### Numerical Guidelines

Under the new Numerical Guidelines, an execution may be found to be clearly erroneous only if the price of the transaction to buy is greater, or less in the case of a sale, than the reference price by an amount that equals or exceeds the numerical guidelines for a particular transaction category. (A mistake in entering an order or a quote, or that the firm failed to pay attention to or update a quote, may not be sufficient to determine that a transaction was clearly erroneous.)

The Exchanges will generally use the consolidated last sale as the Reference Price to determine whether an execution is clearly erroneous. The execution time of the transaction under review determines which Numerical Guideline is applied. The chart below outlines the details.



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The Numerical Guidelines are as follows:

Reference Price: Consolidated Last Sale	Regular Trading Hours of the Exchange Numerical Guidelines (Subject transaction's % difference from the Consolidated Last Sale):	After Hours of the Exchange Numerical Guidelines (Subject transaction's % difference from the Consolidated Last Sale):
Greater than \$0.00 up to and including \$25.00	10%	20%
Greater than \$25.00 up to and including \$50.00	5%	10%
Greater than \$50.00	3%	6%
Multi-Stock Event - Filings involving five or more but less than twenty, securities whose executions occurred within a period of five minutes or less	10%	10%
Multi-Stock Event - Filings involving twenty or more securities whose executions occurred within a period of five minutes or less	30%, subject to the terms of paragraph below	30%, subject to the terms of paragraph below
Leveraged ETF/ETN securities	Regular Trading Hours of the Exchange Numerical Guidelines multiplied by the leverage multiplier (e.g. 2x)	After Hours of the Exchange Numerical Guidelines multiplied by the leverage multiplier (e.g.. 2x)

### Additional Factors.

Except in the context of a Multi-Stock Event involving five or more securities, and individual security trading pauses pursuant to Rule 80C(a)(i), an Officer may also consider additional factors to determine whether an execution is clearly erroneous, including but not limited to, system malfunctions or disruptions, volume and volatility for the security, derivative securities products that correspond to greater than 100% in the direction of a tracking index, news released for the security, whether trading in the security was recently halted/resumed, whether the security is an IPO, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, Opening and Late Session executions, validity of the consolidated tapes trades and quotes, consideration of primary market indications, Liquidity Replenishment Points ("LRPs"), Depth Guidelines and executions inconsistent with the trading pattern in the stock. Each additional factor shall be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

### Outlier Transactions



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An Outlier Transaction is executed at a price that meets the following parameters:

- Greater than three times the current Numerical Guidelines in effect at the time of execution, or
- Execution price breaches the 52-week high or 52-week low. In such cases, the Exchange may consider additional factors as outlined in NYSE and NYSE MKT Rules 128.

### **Volatile Market Opens**

During a Volatile Market Open, the Exchanges may expand the Numerical Guidelines applicable to transactions occurring between 9:30 a.m. and 10:00 a.m. based on the disseminated value of the S & P 500 Futures at 9:15 a.m. during a Volatile Market Open:

- When the S & P 500 Futures are up or down 3%, or up to but not including 5% at 9:15 a.m., the Numerical Guidelines are doubled for executions occurring between 9:30 a.m. and 10:00 a.m.
- When the S & P 500 Futures are up or down 5% or greater at 9:15 a.m., the Numerical Guidelines are tripled for executions occurring between 9:30 a.m. and 10:00 a.m.

### **Unusual Circumstances**

In Unusual Circumstances and in order to maintain a fair and orderly market and protect investors and public interest, the Exchanges may use a Reference Price other than the consolidated last sale to determine whether a clearly erroneous execution has occurred. Unusual Circumstances can include periods of extreme market volatility, sustained illiquidity, or widespread system issues. Other Reference Prices may include the consolidated inside price, the consolidated opening price, the consolidated prior close, or the consolidated last sale prior to a series of executions.

### **Joint Market Rulings**

In circumstances that involve other markets, the Exchanges may use a different Reference Price and/or Numerical Guideline. In these circumstances, the Reference Price would be determined based on a consensus among all of the SROs where the executions occurred.

### **Notification of Parties**

The Exchanges will notify the counterparty to a trade upon receipt of a timely filed request for review that satisfies the numerical guidelines set forth within the Rule. This eliminates the requirement that counterparties be notified of every request for a ruling, and instead requires notice only when a request is filed in a timely manner and satisfies the Numerical Guidelines. This change alleviates the burden on the Exchange of notifying the counterparties when a request for review does not merit a ruling to break the executions at issue.

### **Remedies for CEEs: “Bust” and “Adjust”**



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In the event an Officer of the Exchange or a senior level employee designee determines there is a clearly erroneous execution, the Officer or a designee will effectuate the following remedies: (1) declare the execution null and void or, (2) if such transaction occurred only on the NYSE or NYSE MKT and no contemporaneous transaction(s) occurred on another market center(s) at a price that meets or exceeds the applicable Numerical Guidelines and if the Exchange has no actual knowledge of a clearly erroneous execution review of a contemporaneous transaction of the subject security on another market center, modify one or more of the terms of the transaction to achieve an equitable rectification of the error that would place the parties in the same position, or as close as possible to the same position that they would have been in, had the error not occurred.

### **Incoming Customer Order with Multiple Orders/Securities Executions (Baskets)**

In the interest of providing timely trade resolutions and maintaining a fair and orderly market, the Exchanges will review such occurrences utilizing strict numerical guidelines only. "Additional Factors" noted in the CEE policy will not be used. Execution prices outside the numerical guidelines will be busted. Price adjustments will not be considered. Trade resolutions will be communicated to the involved parties to the trade via email and/or Trader alerts.

### **Appeal Process**

A party affected by a determination may request an appeal to the Clearly Erroneous Execution Panel ("CEE Panel").

- All requests for appeal of a clearly erroneous determination must be made within 30 minutes after the notification of the determination being appealed. Requests for appeals should be sent to [CEEappeals@nyx.com](mailto:CEEappeals@nyx.com).
- Such request must include reason(s) for requesting an appeal, including any additional factors that may not have been considered during the original ruling.
- Such determination by the CEE Panel will be considered a final action on the matter at issue. If the CEE Panel votes to uphold a CEE ruling, the Exchanges will assess a \$500.00 fee against the member who initiated the request for appeal.