BNA, INC.

SECURITIES REGULATION & LAW

BNA Employee-Owned Since 1947

REPORT

STOCK MARKETS

Clearly Erroneous Trades, Circuit Breakers, and Related Developments

BY RICHARD G. WALLACE AND
BROOKE D. CLARKSON

In the past year, the Securities and Exchange Commission ("SEC"), the national stock exchanges, the Financial Industry Regulatory Authority ("FINRA"), and market events have brought the treatment of clearly erroneous trades to the forefront. With the adoption of a pilot program for single stock circuit breakers, a short sale circuit breaker, SEC Rule 15c3-5 regarding unfiltered market access, and other developments, erroneous trades have gone from an issue for the parties to the erroneous trade to an issue that the SEC and self regulatory organizations view as impacting the orderly functioning of the market. Accordingly, regulatory scrutiny of such trades will increase and firms must respond with enhanced understanding, preparation, and supervision with regard to preventing and responding to erroneous trades.[1]

The renewed regulatory interest is largely the result of the so-called "Flash Crash." On May 6, 2010, the stock exchanges experienced a rapid decline in prices (the "Flash Crash") with prices ultimately declining over 9 percent from the previous day's close before rebounding. In the aftermath of the Flash Crash, numerous petitions to break clearly erroneous trades were filed with the exchanges. After completing their clearly erroneous reviews, the exchanges voided 20,761 transactions in 326 securities, but only at prices that were at least 60 percent away from the reference price.[2] With the adoption following the Flash Crash of a pilot program establishing single stock circuit breakers, the exchanges and FINRA adopted new amendments to their clearly erroneous rules. The SEC cited the impact of erroneous orders as one of the key reasons for its adoption in November 2010 of Rule 15c3-5 requiring brokers

[1] Brokers will also be required to ensure that erroneous quotes are not entered. On November 5, 2010 the SEC approved rules for national securities exchanges and FINRA prohibiting "stub quotes." SEC Release No. 34-63255 (Nov. 5, 2010).

[2] REPORT OF THE STAFFS OF THE CFTC AND SEC TO THE JOINT ADVISORY COMMITTEE ON EMERGING REGULATORY ISSUES, PRELIMINARY FINDINGS REGARDING THE MARKET EVENTS OF MAY 6, 2010 at 2-3 (May 18, 2010).

and dealers to have risk controls in place before providing their customers with sponsored access to the markets.[3]

Thresholds and Market Access

Rules adopted by the SEC, the exchanges, and FINRA can be triggered by rapid movements in reported prices. Therefore, reports of erroneous trades can have spill-over effects as reports of these trades can trigger implementation of single stock circuit breakers and the alternative uptick rule for short sales. In light of these effects, the SEC, the exchanges, and FINRA have adopted rules to diminish the frequency and impact of erroneous trades.

Within weeks of the Flash Crash, the SEC approved a pilot program for single stock circuit breakers (also known as individual stock trading pauses).[4] A week later on June 17, the SEC published for comment amendments to the exchanges' clearly erroneous rules.[5] The pilot program was originally scheduled to expire on December 10, 2010, but has been extended to at least April 11, 2011.[6] The pilot program for single stock circuit breakers requires the exchanges and FINRA to pause trading in certain individual stocks if the price moves 10 percent or more in a five-minute period. The single stock circuit breakers originally only applied to stocks included in the S&P 500 Index®. On September 10, 2010, the coverage of the single stock circuit breakers was expanded to include all stocks included in the Russel 1000 Index® and certain exchange traded products.[7] Since the implementation of single stock circuit breakers, circuit breakers have been triggered several times by apparently erroneous trades.[8] The mere reporting of such a trade could trigger a trading halt.

In November 2010, the SEC adopted Rule 15c3-5 to prevent unrestricted market access. Recognizing the market-wide impact that clearly erroneous trades can have, Rule 15c3-5 includes, among other requirements, provisions requiring broker-dealers to adopt management controls and supervisory procedures ''reasonably designed to prevent the entry of orders . . . that appear to be erroneous.''[9] Rule 15c3-5 applies to the submission of erroneous orders as a result of computer malfunction or human error. Rule 15c3-5 becomes effective on January 14, 2011 but firms will not have to comply until July 14, 2011.[10]

---

[3] SEC Press Release 2010-210, SEC Adopts New Rules Preventing Unfiltered Market Access (Nov. 3, 2010); SEC Release No. 34-63241, Risk Management Controls for Brokers or Dealers with Market Access at 7 and n. 16 (Nov. 3, 2010) (adopting release for Rule 15c3-5) (hereafter ''15c3-5 Adopting Release'').

[4] SEC Press Release 2010-98, SEC Approves New Stock-by-Stock Circuit Breaker Rules (June 10, 2010); SEC Release No. 34-62252 (June 10, 2010) (approving exchange rule filings); SEC Release No. 34-62251 (June 10, 2010) (approving FINRA rule filing).

[5] SEC Press Release 2010-104, SEC to Publish for Comment Proposed Rules for Clearly Erroneous Trades (June 17, 2010).

[6] *See*, *e.g.*, SEC Release No. 34-63503 (Dec. 9, 2010) (FINRA); SEC Release No. 34-63500 (Dec. 9, 2010) (The New York Stock Exchange); SEC Release No. 34-63497 (Dec. 9, 2010) (BATS); SEC Release No. 34-63505 (Dec. 9, 2010) (The NASDAQ Stock Market).

[7] *See* SEC Release No. 34-62883 (Sept. 10, 2010). Note 4 relates to the FINRA Rule and references similar rule filings by BATS Exchange, Inc. (''BATS''), NASDAQ OMX BX, Inc. (''BX''), Chicago Board Options Exchange, Inc. (''CBOE''), Chicago Stock Exchange, Inc. (''CHX''), EDGA Exchange, Inc. (''EDGA''), EDGX Exchange, Inc. (''EDGX''), International Securities Exchange LLC (''ISE''), The NASDAQ Stock Market LLC (''NASDAQ''), New York Stock Exchange LLC (''NYSE''), NYSE Amex LLC (''NYSE Amex''), NYSE Arca, Inc. (''NYSE Arca''), and National Stock Exchange, Inc. (''NSX''). Rule changes for these exchanges were also approved on September 10, 2010.

[8] Peter Chapman, *Nasdaq Targets ''Nefarious'' Circuit Breaker Snafus*, TRADERS MAGAZINE (Sept. 3, 2010). ''Since the rule went into effect, several stocks have been halted following these erroneous trades, including Intel, Citigroup, Cisco, the Washington Post Co. and Anadanko Petroleum.'' *Id*.

[9] 15c3-5 Adopting Release.

[10] 15c3-5 Adopting Release at 2 (compliance date is six months after effective date).

   ISSN 0037-0665

Beginning on February 28, 2011, the SEC's alternative uptick rule (Rule 201) will impose restrictions on short selling when a stock has triggered a circuit breaker after experiencing a price decline of at least 10 percent in one day.[11] Erroneous trades, therefore, could also trigger the restrictions of Rule 201.

New Rules for Clearly Erroneous Trades

On October 5, 2009, 10 national stock exchanges adopted new rules to deal with clearly erroneous trades (the ''October 2009 amendments'').[12] The October 2009 amendments provided a more transparent set of standards for stock exchanges to apply to clearly erroneous trades and reduced uncertainty about what would happen to trades depending on where the trades were executed. On December 1, 2009, the SEC approved a similar set of rule changes for FINRA.[13]

Almost eight months to the day after adoption of the October 2009 amendments, the Flash Crash resulted in the exchanges and FINRA breaking thousands of trades in a process that left few satisfied with the recently revised clearly erroneous rules. This led to a new round of rule making and the implementation of new standards (the ''September 2010 amendments'')[14] to provide for more uniform treatment of clearly erroneous reviews and less discretion on the part of the exchanges and FINRA. Specifically, the September 2010 amendments make provisions for: (1) multi-stock events involving 20 or more securities and (2) transactions that trigger an individual stock trading pause by a primary listing market and subsequent transactions that occur before the trading halt is in effect.

For purposes of the exchange and FINRA rules, the terms of a transaction are ''clearly erroneous'' when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security.[15] Subject to certain additional considerations,[16] a transaction in an exchange listed security is clearly erroneous if the price of the transaction is away from the ''Reference Price'' by an amount that equals or exceeds the numerical guidelines set forth below.[17] The Reference Price equals the consolidated last sale immediately prior to the execution(s) under review except for: (1) multi-stock events involving 20 or more securities; (2) transactions not involving a multi-stock event that trigger a trading pause and subsequent transactions; and (3) in other circumstances, including but not limited to relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.

Numerical Guidelines for Exchange Listed Securities

The Numerical Guidelines for exchange listed securities[18] are listed in the table below.

[11] SEC Release No. 34-63247 at 1 (Nov. 4, 2010) (''The effective date for Rule 201 . . . and Rule 200(g) . . . remains March 10, 2010. The compliance date for both Rules has been extended from November 10, 2010 to February 28, 2011.'').

[12] SEC Press Release 2009-215, SEC Approves New Exchange Rules for Breaking Clearly Erroneous Trades (Oct. 5, 2009).

[13] FINRA Regulatory Notice 10-04 (Jan. 2010).

[14] SEC Release No. 34-62885 (Sept. 10, 2010) (FINRA Rules for reviewing any over-the-counter transaction involving an exchange-listed security arising out of or reported through a trade reporting system owned or operated by FINRA or its subsidiaries and authorized by the SEC); SEC Release No. 34-62886 (Sept. 10, 2010) (Exchange Rules).

[15] *See, e.g.*, FINRA Rule 11891 and supplemental materials; NYSE Rule 128(a).

[16] *See, e.g.*, FINRA Rule 11892(b)(3) which describes additional factors that FINRA may consider in certain instances.

[17] *See, e.g.*, FINRA Rule 11982(b)(1) (additional considerations are set out in paragraphs (b)(2-4)); NYSE Rule 128(c)(1) (additional considerations are set out in paragraphs (b)(2-4)).

[18] FINRA has separate numerical guidelines for OTC Equity Securities. *See* FINRA Rule 11893.

Reference Price: Circumstance or Product	**Normal Market Hours (9:30 a.m. to 4:00 p.m. Eastern Time) Numerical Guidelines (Subject Transaction's % Difference From Reference Price):**	**Outside Normal Market Hours Numerical Guidelines (Subject Transaction's % Difference From Reference Price):**
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 – events involving 5 or more, but less than 20, securities whose executions occurred within a period of 5 minutes or less	10%	10%
Multi-stock event – events involving 20 or more securities whose executions occurred within a period of 5 minutes or less	30%, subject to qualifications[1]	30%, subject to qualifications
Leveraged ETF/ETN securities	Normal market hours numerical guidelines multiplied by the leverage multiplier (i.e., 2x)	Normal market hours numerical guidelines multiplied by the leverage multiplier (i.e., 2x)

[1] FINRA Rule 11892 provides the following qualification, which is typical of the clearly erroneous rules:

> During Multi-Stock Events involving twenty or more securities, the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. In such circumstances, FINRA may use a Reference Price other than the consolidated last sale. With the exception of those securities under review that are subject to an individual stock trading pause as described in paragraph (b)(4) below, and to ensure consistent application across the markets when this paragraph is invoked, FINRA will promptly coordinate with the market centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of this paragraph, as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. FINRA will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by FINRA and the markets consistent with this paragraph.

NYSE Interpretation

In June 2010, the NYSE confronted a difficult application of its newly amended clearly erroneous trade rule, Rule 128. An error of uncertain origin resulted in 10 times the correct number of US Bancorp Series A preferred shares (''USB PRA'') being credited to accounts at several brokerage firms. The preferred shares were listed on the NYSE and firms traded the preferred shares on June 16, 17, and 18 at prices around $80 per share. When the mistake in the number of shares was discovered and the number of deposited shares was corrected, the NYSE halted trading in the preferred shares ''based on information indicating that the prices at which the shares were trading were not reasonably related to the market value of such shares and following information that the allocation of shares associated with an exchange offer for USB PRA had been adjusted.''[19] Participants in the previously executed trades at around $80 per share realized that the Series A preferred shares should have traded at around $800 per share. On July 23, 2010, the NYSE announced that ''[a]fter extensive consultation with the related regulatory authorities, the trades executed on June 16, June 17 and June 18 will stand.''[20] The difficulty was caused by the provisions of NYSE Rule 128(g) which requires that:

> [A]ny such action of the Officer of the exchange shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer must be taken by no later than the start of the Regular Trading Hours of the Exchange on the trading day following the date of execution(s) under review.

Four days later, the NYSE reversed its position and announced:

> The NYSE has filed an immediately effective interpretation to Rule 128(g) with the Securities and Exchange Commission, which clarifies that an Officer of the Exchange may review the transactions such as those that occurred in USB PRA on June 16, 17, and 18, 2010 and declare them null and void. Pursuant to that interpretation, the NYSE will nullify the trades on those dates prior to the re-opening of trading now scheduled for Friday, July 30, 2010.[21]

The NYSE interpretation of Rule 128 provides:

> [T]hat a series of transactions in a particular security on one or more trading days may [sic] be viewed as one event if all such transactions were effected based on incorrect or grossly misinterpreted structural or issuance information, resulting in a severe pricing dislocation for all such transactions (the ''Event''). In such circumstances, the Event may be considered to constitute extraordinary circumstances pursuant to Rule 128(g). An Officer acting on his or her own motion may take action to declare all transactions that occurred during the Event null and void not later than before the start of the next trading date following the last such transaction in the Event. If the security is halted immediately following the last transaction in the Event, and before pricing ceases to be dislocated, the next trading date for all transactions comprising the Event will be the date on which trading resumes following the halt.[22]

Exchange Disciplinary Actions

In June 2010, Nasdaq disclosed settlements with 20 firms following an industry wide review of systems and procedures to prevent clearly erroneous orders, executions, and frivolous petitions for review of clearly erroneous transactions.[23] Each of the settlements imposed a $10,000 fine and an undertaking to revise the firm's written supervisory procedures. Nasdaq found that the firms' trading systems and written supervisory procedures were not reasonably designed to achieve compliance with the applicable securities laws and regulations (including NASD Notice to Members 04-66) and Nasdaq's rules concerning the prevention of erroneous orders and transactions and frivolous clearly erroneous transaction complaints. Nasdaq noted that Notice to Members 04-66 provides:

> 1. Firms' trading systems should include controls that limit the use of such systems to authorized persons, check for order accuracy, prevent orders that exceed preset credit- and order-size parameters from being transmitted to Nasdaq's trading systems, and prevent the unwanted generation, cancellation, repricing, resizing, duplication, or re-transmission of orders;
>
> 2. Firms should have safeguards in place to ensure that the operation, testing, or maintenance of their trading systems do not result in the inadvertent disabling of the applicable trading system, mistaken executions, errors, or other trading problems;
>
> 3. Firms should ensure that they do not test their systems' connectivity to Nasdaq's trading systems by sending orders that are not executable;

[19] NYSE Trader, Trading Halt in US Bancorp's Depository Shares (NYSE: USB PRA) (June 30, 2010).

[20] NYSE Trader, USB PRA Update: Re-Opening for Trading Wednesday, July 28, 2010 (July 23, 2010).

[21] NYSE Trader, UPDATE: USB PRA Update: Re-Opening for Trading Friday, July 30, 2010 (July 27, 2010).

[22] SEC Release No. 34-62609 (July 30, 2010).

[23] *See* Nasdaq disciplinary actions for June 29, 2010 collected at www.nasdaqtrader.com/ *trader.aspx?id=ndisciplinaryactions*.

4. Firms should use procedures to adjudicate clearly erroneous transactions only in cases of clear or obvious errors. Firms should not use such procedures as a proxy for proper system use or trading procedures; and

5. Firms should ensure, before sponsoring access to their systems, that such orders would not be entered in error or in a manner inconsistent with Nasdaq rules or with the subscriber agreements of such trading systems.

FINRA Warnings

In two Regulatory Notices,[24] FINRA warned its member firms about price validation and the proper use of trade modifiers. In August 2010, FINRA provided the following guidance on the use of the ''.w'' modifier:

> FINRA rules require that firms use unique trade modifiers to indicate whether a transaction qualifies for an exception or exemption to Rule 611 of SEC Regulation NMS at the time of the trade.[25] Thus, firms must report the above transactions to FINRA with the appropriate trade modifiers in Trade Modifier Field 2 (Reason for SEC Rule 611 Exception or Exemption).[26]

FINRA believes these types of transactions also are consistent with the intended scope of the .w trade modifier, which is used to indicate that the price of a reported trade may bear no relation to the current market. Accordingly, firms also must use the .w in Trade Modifier Field 4 (SRO Required Detail) when reporting these transactions to FINRA, unless another Field 4 trade modifier applies.

FINRA notified member firms that the above change must be in place by October 18, 2010.

FINRA also provided the following instructions as to price validation and price-override protocol:

> After a trade report is submitted, the FINRA Facility validates the trade price against an initial set of price validation parameters. If the trade price falls outside the parameters, the trade report is rejected, and the reporting firm can resubmit the trade with a price-override indicator. By using the price-override indicator, the reporting firm is confirming that the price it originally entered is correct, even though it is away from the current market.[27] After the trade has been resubmitted with the price-override indicator, it is price validated a second time with significantly wider parameters. If the trade is correct but outside of this second set of parameters, it must be entered manually through ADF or TRF Operations.

The price validation protocol is an important check in the trade reporting process. As noted above, rejection of a trade outside the price validation parameters requires that the reporting firm confirm that the reported price is, in fact, the correct price as agreed upon by the parties. This helps reduce the likelihood that erroneously reported trade prices are disseminated to the tape.

In September 2010, FINRA reminded its member firms ''of their obligation to have policies and procedures in place that are reasonably designed to ensure that, among other things, they promptly cease effecting transactions during a trading halt as required by FINRA Rule 5260.''[28] FINRA also advised its member firms that trade reports with an incorrect modifier or incorrect price could trigger a trading pause in certain stocks, and trading in a stock could be halted unnecessarily.[29]

Compliance Measures

Preventative Measures. Pursuant to the requirements of SEC Rule 15c3-5 and the general supervision requirements of broker-dealers, firms need to have systems in place to reduce the risk of entering erroneous orders that cause clearly erroneous transactions. Preventative systems are particularly important for automated or algorithmic trading which can generate numerous trades in a very short time frame. Preventing algorithms from generating erroneous orders may involve validation procedures built into algorithms and order management systems. These validations might include checking order prices against current and historical quotes, limits on the number and size of outstanding orders, internal alerts and circuit breakers, and limiting the use of certain order types, including market orders. A firm's supervisory system should also include pre and post implementation testing and review. On-going testing is advisable as changes in trading platforms, exchanges, and ATS systems can effect the reliability of previously tested systems. Since even a single erroneous trade can trigger a market wide single stock circuit breaker or short sale restrictions, regulators will be anxious to see if firms have implemented technology to test orders entered away from the market. Firms should also ensure that they have implemented, to the extent applicable to their business model, FINRA's Notice to Members 0466, discussed above, and which formed the basis for 20 disciplinary actions by Nasdaq.

Processing Petitions for Review of Erroneous Transactions. The clearly erroneous rules require that applications for review by member firms be submitted within 30 minutes of the trade. The rules, contact information, and other resources needed to file clearly erroneous petitions, therefore, should be easily accessible to those individuals at member firms responsible for filing clearly erroneous petitions. The individuals should also be familiar with the requirements and process to avoid any late filings. Firms need to have supervisory procedures to ensure that any application for relief under the clearly erroneous rules is reviewed by the appropriate personnel to determine if the petition is appropriate.

[24] FINRA Trade Reporting Notice, Weighted-Average Price/ Special Pricing Formula Trade Modifier (Aug. 19, 2010); FINRA Trade Reporting Notice, Price Valuation and Price-Override Protocol (Sept. 17, 2010).

[25] *See* FINRA Notice to Members 07-23 (May 2007); FINRA Trade Reporting Notice, FINRA Announces Two New Trade Reporting Modifiers Related to Regulation NMS (Feb. 24, 2009).

[26] The Trade Modifier Fields are described more fully in FINRA Notice to Members 07-23 and FINRA Trade Reporting Notice, FINRA Announces Two New Trade Reporting Modifiers Related to Regulation NMS. For example, although the trade modifier ''.v'' is generally used in Trade Modifier Field 2 for qualified contingent trades, the specific data entries used to report trades may vary depending upon the specific platform or system used. Firms must review and report in accordance with the applicable system specifications. ADF and TRF technical specifications can be found on the FINRA website at *www.finra.org/Industry/Compliance/ MarketTransparency/ index.htm*.

[27] If the member firm realizes the trade was reported in error, then it can re-report the trade with the correct price.

[28] FINRA Regulatory Notice 10-43 (Sept. 2010).

[29] *See supra* notes 24 and 25.

Before filing a petition, the review should establish that the order was truly entered in error and that the execution fits within the parameters for relief. Attached to this article is a table highlighting the clearly erroneous rule of 11 exchanges and FINRA, summarizing the current guidance on filing a petition for review with the exchange or FINRA, and listing contact information.

Clearly Erroneous Execution Rules for Equity Exchanges

Exchange/ SRO	Clearly Erroneous Rules	Guidance	Contact Information
BATS Exchange	Rule 11.17	Members must have a BATS Member Web Portal account with Clearly Erroneous Execution Form access enabled in order to use this form. BATS will require this form be used for All Clearly Erroneous review submissions as of May 1, 2010. Final Notice April 28, 2010, available www.batstrading.com website under the ''Alerts'' tab for the year 2010.	Trade Desk (913) 815-7001 Members are encouraged to follow up review requests with a phone call to the BATS Trade Desk to confirm the request was received and the review is underway.
CBOE Stock Exchange	Rule 52.4	To file a Request for Review: Via email: CBSXhelpdesk@cboe.com Via phone: 1-866-458-2279 Via FAX: (312) 786-7050 Clearly Erroneous Policy available at www.cbsx.com under the ''Regulation'' then ''Clearly Erroneous Policy'' tabs.	Help Desk David Reed cbsxhelpdesk@cboe.com 1-866-458-CBSX (1-866-458-2279) Nikki Brongel brongeln@cboe.com 1-866-458-CBSX
Chicago Stock Exchange	Article 20, Rule 10	All requests for clearly erroneous review must be in writing. Call the Trading Floor Help Desk at (312) 663-2111 Send details to corrections@CHX.com	CHX Trading Floor Help Desk (312) 663-2111
Direct Edge EDGA and EDGX Exchanges	11.13 (EDGA) 11.13 (EDGX)	Clearly Erroneous Policy Available at www.directedge.com under the ''Clearly Erroneous Policy'' tab at the bottom of the page. Clearly Erroneous Review Requests ■ The new industry wide procedure requires all requests for review to be made in writing via email. All requests for review must be made within 30 minutes from the time of execution for orders initially routed to and executed on Direct Edge. ■ The request must include a minimum set of essential information (listed below). Review Requests must include the following information: ■ Transaction(s) ■ Security symbol(s) ■ Number of shares ■ Price(s) ■ Side (bought or sold) ■ Factual basis for believing that the trade is clearly erroneous	decs@directedge.com or tradereview@directedge.com

Clearly Erroneous Execution Rules for Equity Exchanges – Continued

Exchange/ SRO	Clearly Erroneo us Rules	Guidance	Contact Information
FINRA	FINRA Rules 11890, 11981, 11892, 11893, and 11984 (see also the supplemental materials after each rule)	Regulatory Notice 10-43, "Single-Stock Circuit Breakers And Potentially Erroneous Trades" (September 2010) available at www.FINRA.org under the "Industry Professionals" then "Notices" tabs, then under the year 2010. Rule 11892 covers transitions in Exchange Listed Securities arising out of or reported through a trade reporting system owned or operated by FINRA. Rule 11893 covers transactions in OTC Equity Securities arising out of or reported through a trade reporting system owned or operated by FINRA.	FINRA Operations at 1-866-776-0800
International Options Exchange	Rule 2128	Review requests must be emailed to tradereview@directedge.com and include the following information: 1. Transaction(s) 2. Security symbol(s) 3. Number of shares 4. Price(s) 5. Side (bought or sold) 6. Factual basis for believing that the trade is clearly erroneous. ISE Regulatory Information Circular 2009-252 (October 5, 2009), available at www.ISE.com under the "Regulatory" then "Regulatory Information Circulars" tabs, then under the year 2009.	Contact Russ Davidson (646) 805-1857
NASDAQ OMX	Rule 11890	To file a Clearly Erroneous Transaction Request, complete and submit the online filing form available at www.nasdaqtrader.com under the "Regulation" and "Clearly Erroneous Filing Information" tabs. NASDAQ's Reg Recon function allows users to search for and submit erroneous filings. NASDAQ OMX Clearly Erroneous Transactions Policy NASDAQ OMX Equity Regulatory Alert #2009 - 19	When filing your request, please note the filing deadline. A phone call is not necessary prior to filing and may cause delay in the filing process. NASDAQ MarketWatch at 1-800-211-4953 or (301) 978-8501.
NASDAQ OMX BX	Rule 11890	To file a Clearly Erroneous Transaction Request, complete and submit the online filing form available at www.nasdaqtrader.com under the "Regulation" then "Clearly Erroneous Filing Information" tabs. NASDAQ Reg Recon allows users to search for and submit erroneous filings. NASDAQ OMX Clearly Erroneous Transactions Policy NASDAQ OMX Equity Regulatory Alert #2009 - 19	When filing your request, please note the filing deadline. A phone call is not necessary prior to filing and may cause delay in the filing process. NASDAQ MarketWatch at 1-800-211-4953 or (301) 978-8501.
National Stock Exchange	Rule 11.19	NSX Clearly Erroneous Online Filing Form available at www.nsx.com under the "Clearly Erroneous Filing Form" tab. NSX ETP Holders must file an erroneous complaint by submitting the online filing form within the filing deadline as outlined in NSX Rule 11.19(b). If there are problems submitting the form online, please e-mail all relevant information concerning the filing to nsxreviewtrade@nsx.com	nsxreviewtrade@nsx.com 1-800-843-3924
New York Stock Exchange	Rule 128	NYSE, NYSE ARCA & NYSE Amex CEE Review Process Guidelines available at www.nyse.com under the "For Market Professionals" then "Clearly Erroneous Execution (CEE)" tabs.	If you have further questions, please contact the NYSE and NYSE Amex Trade Support Desk at 1-866-368-3375.

Clearly Erroneous Execution Rules for Equity Exchanges – Continued

Exchange/ SRO	Clearly Erroneo us Rules	Guidance	Contact Information
		NYSE procedures require members and member organizations to make all requests for review in writing within 30 minutes from the time of execution by using a web form. If the web form is unavailable, email requests will be accepted at dotreview@nyx.com. NYSE and NYSE Amex 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	
NYSE Amex	Rule 128	NYSE, NYSE ARCA & NYSE Amex CEE Review Process Guidelines available at www.nyse.com under the "For Market Professionals" then "Clearly Erroneous Execution (CEE)" tabs. NYSE Amex procedures require members and member organizations to make all requests for review in writing within 30 minutes from the time of execution by using a web form. If the web form is unavailable, email requests will be accepted at dotreview@nyx.com. NYSE and NYSE Amex 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	If you have further questions, please contact the NYSE and NYSE Amex Trade Support Desk at 1-866-368-3375.
NYSE Arca	7.10	NYSE, NYSE ARCA & NYSE Amex CEE Review Process Guidelines available at www.nyse.com under the "For Market Professionals" then "Clearly Erroneous Execution (CEE)" tabs. All requests for review must be made within 30 minutes from the time of execution for orders initially routed to and executed on NYSE Arca. The request must include a minimum set of essential information (listed below). Review Requests must include the following information: ■ Transaction(s) ■ Security symbol(s) ■ Number of shares ■ Price(s) ■ Side (bought or sold) ■ Factual basis for believing that the trade is clearly erroneous	If you have further questions please contact the NYSE Arca Trade Support Desk at (888) 513-9873.

SRLR ISSN 0037-0665