



# New Cboe Equities Clearly Erroneous Execution Rule Effective October 1, 2022

Reference ID: C2022091500

## Overview

**Applicable Cboe Exchanges:** BYX Equities, BZX Equities, EDGA Equities, EDGX Equities

**Effective October 1, 2022**, the Cboe-affiliated U.S. Equities Exchanges, in coordination with all U.S. equities exchanges, will update the existing clearly erroneous execution (“CEE”) rules and procedures as outlined below. CEE filing procedures requiring filings to be submitted online using the [public form](#) or the [Cboe Customer Web Portal](#) will remain unchanged.

## Technical Details

On the effective date, the CEE pilot program will continue on a permanent basis so that equities market participants and investors can continue to benefit from the increased certainty provided by the CEE rule.

The new CEE rule will eliminate CEE reviews during RTH when Price Bands are in effect. Thus, trades executed within the Price Bands will stand, barring one of the following scenarios where a CEE review may still occur for the protection of investors and the public interest.

If the execution time of the transaction(s) under review is during Regular Trading Hours, the transaction will not be reviewable as clearly erroneous unless the transaction:

- is in an NMS Stock that is not subject to the Limit Up/Limit Down (“LULD”) Plan;
- was executed at a time when Price Bands under the LULD Plan were not available, or is the result of an Exchange technology or systems issue that results in the transaction occurring outside of the applicable LULD Price Bands, or is executed after the primary listing market for the security declares a regulatory trading halt, suspension, or pause pursuant to paragraph (i). A transaction subject to review pursuant to this paragraph shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price, by an amount that equals or exceeds the applicable Percentage Parameter defined in Appendix A to the LULD Plan (“Percentage Parameters”); or
- involved, in the case of (1) a corporate action or new issue or (2) a security that enters a Trading Pause pursuant to the LULD Plan and resumes trading without an auction, a Reference Price that is determined to be erroneous by an Officer of the Exchange because it clearly deviated from the theoretical value of the security. In such circumstances, the Exchange may use a different

Reference Price. A transaction subject to review pursuant to this paragraph shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the new Reference Price by an amount that equals or exceeds the Numerical Guidelines or Percentage Parameters, as applicable depending on whether the security is subject to the LULD Plan.

### **Additional Information**

Please contact the Cboe Trade Desk for support or with any questions.

We appreciate your business. Our trading community inspires and drives our mission of defining markets.

**Cboe Trade Desk**

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