



## Regulatory Notice 22-07

**DATE:** October 3, 2022

**TO:** All Members of MEMX LLC

**FROM:** MEMX Regulation

**RE:** Updated Clearly Erroneous Execution Rules - Now Effective

MEMX LLC (the "Exchange"), in coordination with all U.S. equities exchanges, has updated the harmonized clearly erroneous execution ("CEE") rule as outlined below and the updated rule is now effective. Under the revised CEE rule, CEE reviews have been largely eliminated during Regular Trading Hours when Limit Up-Limit Down Price Bands are in effect, except in limited circumstances.

Updated [MEMX Rule 11.15](#) specifies limited circumstances in which CEE reviews will be performed during Regular Trading Hours when Price Bands are in effect. Trades executed within Price Bands will stand barring one of the scenarios described below where a CEE review may still occur.

Specifically, 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 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 pursuant to MEMX Rule 11.15(g), or is executed after the primary listing market for the security declares a regulatory trading halt, suspension, or pause pursuant to MEMX Rule 11.15(i). A transaction subject to review pursuant to this provision 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, described in MEMX Rule 11.15(d), 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 pursuant to MEMX Rule 11.15(d)(2). A transaction subject to review pursuant to this provision 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, described in MEMX Rule 11.15(d)(2), 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.

Any questions regarding this Regulatory Notice should be referred to MEMX Regulation at [reginterps@memx.com](mailto:reginterps@memx.com).