

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106705; File No. SR-NYSE-2026-50]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change to Amend Rule 7.10 (Clearly Erroneous Executions)

October 20, 2026.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on October 8, 2026, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 7.10 (Clearly Erroneous Executions). The proposed rule change is available on the Exchange’s website at www.nyse.com and at the principal office of the Exchange.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend Rule 7.10 (Clearly Erroneous Executions). Specifically, the Exchange proposes to: (1) reorganize the Rule to enhance its clarity; (2) specify the impact of missing or erroneous LULD Price Bands⁴ on the availability of Clearly Erroneous review during the Core Trading Session or Overnight Protected Hours;⁵ (3) amend provisions on “multi-stock events”; (4) remove references to “multi-day events”; (5) add a provision on reasonable cross-market coordination; and (6) eliminate redundancies in the Rule.

Background

Following a severe disruption in the U.S. equities markets on May 6, 2010 (known as the Flash Crash), the Commission approved, on a pilot basis, the clearly erroneous rule to “provide greater transparency and certainty to the process of breaking trades.”⁶ Largely, the pilot reduced the discretion of the Exchange, other national securities exchanges, and Financial Industry Regulatory Authority (“FINRA”) to deviate from the objective standards in their respective rules when dealing with potentially erroneous transactions. After revisions in 2013 and 2014,⁷ the

⁴ “LULD Price Bands” or “Price Bands” means Price Bands as defined in Section V of the Plan to Address Extraordinary Market Volatility (the “LULD Plan”) and Overnight Price Bands as defined in Section VIII of the LULD Plan.

⁵ The term “Core Trading Session” is defined in Rule 7.34(a)(2). The term “Overnight Protected Hours” is defined in Section VIII of the LULD Plan.

⁶ See Securities Exchange Act Release No. 62886 (September 10, 2010), 75 FR 56613 (September 16, 2010) (SR-NYSE-2010-47).

⁷ See Securities Exchange Act Release Nos. 68804 (February 1, 2013), 78 FR 8677 (February 6, 2013) (SR-NYSE-2013-11) and 72434 (June 19, 2014), 79 FR 36110 (June 25, 2014) (SR-NYSE-2014-22). The 2010, 2013, and 2014 filings pertain to Rule 128, which is no longer applicable to any securities that trade on the Exchange and has been replaced with Rule 7.10. See Securities Exchange Act Release Nos. 82945 (March 26, 2019), 83 FR 13553, 13565 (March 29, 2019) (SR-NYSE-2017-36) and 85962 (May 29, 2019), 84 FR 26188, 26189 n.13 (June 5, 2019) (SR-NYSE-2019-05).

clearly erroneous pilot was extended in six-month increments numerous times until 2022.

In April 2019, the Commission approved an amendment to the LULD Plan to make that Plan permanent.⁸ Following that change, in 2022, the Commission approved a proposal to amend the clearly erroneous rule (the “2022 Amendment” to Rule 7.10).⁹ The 2022 Amendment made the clearly erroneous rule permanent and aimed to harmonize it with the LULD Plan by making explicit that, with limited exceptions, the LULD mechanism was the primary means of preventing clearly erroneous trades during the Core Trading Session.

In 2026, in conjunction with the industry’s plans for the introduction of 23/5 Trading, the Operating Committee of the LULD Plan filed proposed Amendment 27 to the LULD Plan, which proposed to establish price band protections during overnight trading hours (“Overnight Price Bands”).¹⁰ On August 5, 2026, the Commission approved the proposal.¹¹ On September 14, 2026, in light of the addition of Overnight Price Bands to the LULD Plan, the Exchange filed an amendment to Rule 7.10 that extended the restrictions on clearly erroneous review that apply in the Core Trading Session to the Overnight Protected Hours when Overnight Price Bands are in place.¹²

⁸ See Securities Exchange Act Release No. 84843 (December 18, 2018), 83 FR 66464 (December 26, 2018) (“Notice”); 85623 (April 11, 2019), 84 FR 16086 (April 17, 2019) (File No. 4-631) (“Amendment 18”).

⁹ See Securities Exchange Act Release Nos. 95658 (September 1, 2022), 87 FR 55060 (September 8, 2022) (SR-CboeBZX-2022-037) (Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Amend BZX Rule 11.17, Clearly Erroneous Executions) and 95822 (September 19, 2022), 87 FR 58140 (September 23, 2022) (SR-NYSE-2022-44) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.10).

¹⁰ See Securities Exchange Act Release No. 105596 (June 1, 2026), 91 FR 33774 (June 4, 2026) (File No. 4-631) (Notice of Filing of 27th Amendment to the National Market System Plan).

¹¹ See Securities Exchange Act Release No. 106042 (August 5, 2026), 91 FR 51515 (August 10, 2026) (File No. 4-631) (Order Granting Approval of the 27th Amendment to the National Market System Plan to Address Extraordinary Market Volatility to Establish Temporary Price Band Protections in Overnight Trading).

¹² See Securities Exchange Act Release No. 106407 (September 17, 2026), 91 FR 60165 (September 22, 2026).

Proposed Amendment

Following the 2022 Amendment, market disruptions on January 24, 2023 and June 3, 2024¹³ further highlighted the close interplay of the LULD Plan and the clearly erroneous rule. Following those events, the Exchange, in consultation with other equities exchanges, closely reviewed the current text of Rule 7.10 and identified areas where the Exchange believes the Rule's clarity can be enhanced, its organization can be improved, and duplicate and obsolete sections can be eliminated. In sum, the proposed rule text is not substantively new, but rather a reorganization and further specification of existing Exchange authority.

Accordingly, the Exchange proposes to reorganize Rule 7.10 into three clear paragraphs: (a) Definitions, (b) Availability of Clearly Erroneous Review, and (c) Procedures. In the current Rule, definitions are spread across paragraphs (a), (c), and (d); rules on the availability of clearly erroneous review are split between paragraphs (c), (g), (h), and (i); and procedures are split across paragraphs (b), (c), (e), and (f). By reorganizing the Rule and gathering similar provisions together, the Exchange believes the proposed rule text will be easier for market participants to navigate, understand, and use.

(a) Definitions

The Exchange proposes to amend paragraph (a) of Rule 7.10 to include the definitions of terms used in the current version of the Rule, as well as new terms that would be added as a result of this proposal, as follows:

- Proposed paragraph (a) would be titled "Definitions" and would provide that
"[f]or purposes of this Rule, the terms below have the following meanings."

¹³ On January 24, 2023, LULD bands in numerous securities were calculated based on anomalous reference prices supplied by NYSE. On June 3, 2024, a software defect caused the CTA SIP to incorrectly calculate LULD bands across numerous securities. In each case, NYSE and other exchanges declared numerous trades clearly erroneous.

- Proposed subparagraph (a)(1) would define “CEE Reference Price” as the consolidated last sale immediately prior to the execution(s) under review, or, in cases where there are no prior trades, the previous day’s official closing price, unless an Officer determines to utilize a Revised CEE Reference Price¹⁴ as provided in this Rule. The first part of this definition is based on the current definition of “Reference Price” in paragraph (d) of Rule 7.10. The second part of this definition is based on the Exchange’s definition of “Official Closing Price” in Rule 1.1(u)(1)(D), which states that when there have been no consolidated last-sale eligible trades during the Core Trading Hours on that trading day, the Exchange’s Official Closing Price will be the previous day’s Official Closing Price. As such, the proposed definition of “CEE Reference Price” in subparagraph (a)(1) is not novel.
- Proposed subparagraph (a)(2), the definition of “Clearly erroneous,” would encompass the text of current paragraph (a), without substantive change.
- Proposed subparagraph (a)(3) would define “LULD Plan” to mean the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act. This term is currently defined in paragraph (c)(1) of Rule 7.10.
- Proposed subparagraph (a)(4) would define “LULD Price Bands” or “Price Bands” as the Price Bands defined in Section V of the LULD Plan and Overnight Price Bands as defined in Section VIII of the LULD Plan. These terms are currently defined in paragraph (c)(1) of Rule 7.10.

¹⁴ “Revised CEE Reference Price” is described below.

- Proposed subparagraph (a)(5) would define “LULD Protected Hours” to include the Core Trading Session and Overnight Protected Hours. This term is currently defined in paragraph (c)(1) of Rule 7.10.
- Proposed subparagraph (a)(6) would define “LULD Reference Price” as the Reference Price or Overnight Reference Prices defined in the LULD Plan. This definition does not appear in the current text of Rule 7.10 and is being added for clarity to facilitate the proposed reorganization of the Rule.
- Proposed subparagraph (a)(7) would define “LULD Tier” as Tier 1 or Tier 2 as defined in Appendix A to the LULD Plan. This definition does not appear in the current text of Rule 7.10 and is being added for clarity to facilitate the proposed reorganization of the Rule.
- Proposed subparagraph (a)(8) would define “Multi-Stock Event” as an event involving 50 or more securities whose executions occurred within 5 minutes. As discussed below, this is a proposed increase to 50 securities from 20 securities in the current Rule.
- Proposed subparagraph (a)(9) would define “Numerical Guidelines” as the percentage difference from the CEE Reference Price specified in Case 5A¹⁵ below for transactions executed during LULD Protected Hours in NMS stocks that are not subject to the LULD Plan and transactions executed outside of LULD Protected Hours. This term is currently defined in paragraph (c)(2)(A) of Rule 7.10.

¹⁵

“Case 5A” and the other Cases are defined and discussed below.

- Proposed subparagraph (a)(10) would define “Officer” as an Officer of the Exchange or such other employee designee of the Exchange. This term is currently defined in paragraph (b) of Rule 7.10.
- Proposed subparagraph (a)(11) would define “Overnight Protected Hours” as the Overnight Protected Hours defined in Section VIII of the LULD Plan. This term is not defined in the current text of Rule 7.10 and is being added for clarity to facilitate the proposed reorganization of the Rule.
- Proposed subparagraph (a)(12) would define “Percentage Parameter” as the Percentage Parameter defined in Appendix A to the LULD Plan or Overnight Percentage Parameter defined in Section VIII of the LULD Plan. These terms are currently defined in paragraph (c)(1)(B) of Rule 7.10.
- Proposed subparagraph (a)(13) would define “SRO” as a national securities exchange and/or a national securities association, as those terms are defined in Regulation NMS. This definition does not appear in the current text of Rule 7.10.

(b) Availability of Clearly Erroneous Review

Next, the Exchange proposes to reorganize all rule text about the availability of clearly erroneous review into a revised paragraph (b). In the current Rule, this content is spread across paragraph (c)(1), which addresses the availability of clearly erroneous review during the Core Trading Session; paragraph (c)(2), which addresses the availability of clearly erroneous review outside of the Core Trading Session and for stocks not subject to the LULD Plan; paragraph (g), which addresses transactions occurring outside of LULD Price Bands; paragraph (h), which addresses Multi-Day Events; and paragraph (i), which addresses transactions occurring during trading halts.

The Exchange proposes to reorganize all of these provisions into proposed paragraph (b). Further, instead of separating the rules for clearly erroneous review during the Core Trading Session vs. other times (i.e., current paragraphs (c)(1) vs. (c)(2)) as in the current Rule, the Exchange proposes to assign a “Case” number to each circumstance where clearly erroneous review is available, and to include within the Case description all of the rules relevant to that particular Case. In addition, to the extent that the rules in current paragraphs (c)(1) and (c)(2) address the same issues as current paragraphs (g) and (i), the Exchange proposes to combine and streamline such rules within the relevant Case.

Specifically, the Exchange proposes to replace paragraph (b) of Rule 7.10 as follows:

- The Exchange proposes to title the revised paragraph (b) as “Availability of Clearly Erroneous Review.” Proposed paragraph (b) would specify that “transactions are reviewable as clearly erroneous only in the enumerated cases below.”
- Proposed subparagraph (b)(1) would be titled “Case 1 - Transactions Erroneously Executed During a Trading Halt, Suspension, or Pause.”
- Proposed subparagraph (b)(2) would be titled “Case 2 - Transactions Executed Outside LULD Price Bands.”
- Proposed subparagraph (b)(3) would be titled “Case 3 - Unavailable or Missing LULD Price Bands.”
- Proposed subparagraph (b)(4) would be titled “Case 4 - Erroneous LULD Price Bands.”

- Proposed subparagraph (b)(5) would be titled “Case 5 - Transactions Executed During LULD Protected Hours in NMS Stocks Not Subject to the LULD Plan, and Transactions Executed Outside of LULD Protected Hours.”

Each of the Cases is discussed further below.

Case 1 - Transactions Erroneously Executed During a Trading Halt, Suspension, or Pause

Proposed Case 1 (proposed subparagraph (b)(1)) is based on current paragraph (i) of Rule 7.10, with certain changes identified below. Proposed Case 1 would apply when a “transaction was executed after implementation of a regulatory trading halt, suspension, or pause that has been declared by the primary listing market or imposed by the Commission¹⁶ and before such regulatory halt, suspension, or pause officially ended according to the primary listing market.” The current text of paragraph (i) expresses the same concept, but includes additional unnecessary detail about the event where a trading halt, suspension or pause is “prematurely lifted in error and then re-instituted,” which the Exchange believes is encompassed in the more general language above. The Exchange believes that removing such unnecessary detail will streamline the rule text and enhance comprehension of the Rule.

In addition, the current text of paragraph (i) includes language limiting the application of the Rule to “the event of any disruption, or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt,

¹⁶ In addition to referencing regulatory trading halts, suspensions, or pauses that have been declared by the primary listing market, the Exchange proposes to include “or imposed by the Commission” to capture summary suspension orders issued by the Commission under Section 12(k) in the public interest and to protect investors. Such summary suspension orders by the Commission have the same effect as halts declared by primary listing markets – e.g., to halt trading – and so the Exchange believes that including them here adds further specification to the rule and not a material change to the rule.

suspension or pause” The Exchange believes that such limitation is unnecessary, because transactions erroneously executed during a trading halt, suspension, or pause should be nullified in all cases, whether the cause was one of the conditions listed in current paragraph (i) or some other issue that has not yet been imagined. The inclusion of such limiting language has the potential to cause confusion and add delay to the process of addressing such trades.

Proposed Case 1 would further provide: “A Case 1 transaction shall be nullified by an Officer acting on his or her own motion or at the request of a third party without regard to the Percentage Parameters or Numerical Guidelines set forth in this Rule, and without regard to the trading session during which the transaction was executed.” The provisions providing that an Officer shall nullify such transactions acting on his or her own motion and that such action will be taken without regard to the Percentage Parameters or Numerical Guidelines are taken directly from current paragraph (i), without substantive change. The Exchange proposes to add the further language “without regard to the trading session during which the transaction was executed” to make explicit that Case 1 applies both during LULD Protected Hours and outside of them. The Exchange also proposes to add that an Officer may nullify such a transaction “acting on his or her own motion *or at the request of a third party*.” Current paragraph (g), regarding transactions executed outside of LULD Price Bands, currently contains such language, and so it is not novel. The Exchange believes it is reasonable to also include such language in proposed Case 1, to make explicit that a third party market participant may inform the Exchange when such third party becomes aware of transactions erroneously executed during a trading halt, suspension, or pause.

Current paragraph (i) contains additional language regarding the timing of the Officer’s review, the notification of parties involved in the subject transaction, and the appeal rights of

aggrieved parties. This language is substantively identical to the procedural language contained in current paragraph (f). In light of the Exchange’s proposal to reorganize all such procedural language into one location (i.e., paragraph (c) of the proposed Rule), the Exchange proposes not to include such procedural language within Case 1 itself, but instead to include it in the “Procedures” section of the proposed Rule at paragraph (c)(1)(B).

The Exchange notes that current paragraph (c)(1)(B) includes a provision that indicates that a transaction that “is executed after the primary listing market for the security declares a regulatory trading halt, suspension, or pause pursuant to paragraph (i)” will be “subject to review . . . and found to be clearly erroneous if the price of the transaction to buy (sell) that is subject of the complaint is greater than (less than) the Reference Price, described in paragraph (d) below, by an amount that equals or exceeds the applicable Percentage Parameter” This provision was added as part of the 2022 Amendment and appears to be inconsistent with paragraph (i), which requires the Exchange to nullify such transactions without regard to Percentage Parameters. The Exchange believes that the paragraph (i) approach – which has been part of the clearly erroneous rule since 2014¹⁷ – is the more reasonable approach, and that transactions executed during a trading halt, suspension, or pause should be nullified without further analysis. For that reason, the Exchange proposes to eliminate the inconsistent provisions of paragraph (c)(1)(B) and adopt the paragraph (i) approach, as described and revised above, in Case 1.

Case 2 - Transactions Executed Outside LULD Price Bands

Proposed Case 2 (proposed subparagraph (b)(2)) is based on current paragraph (g) of Rule 7.10, with certain changes identified below.

¹⁷ See Securities Exchange Act Release No. 72434 (June 19, 2014), 79 FR 36110 (June 25, 2014) (SR-NYSE-2014-22) (adding “Trading Halts” section as paragraph (k) of Rule 128).

Proposed Case 2 would apply when a “transaction was executed during LULD Protected Hours outside the LULD Price Bands at a time when the Price Bands were available and correct, as determined by an Officer, using his or her own discretion.” Current paragraph (g) contains this concept, but with the limitation that the execution of such a transaction outside the LULD Price Bands must be “as a result of an Exchange technology or systems issue.” The Exchange believes that such limitation is unnecessary, because transactions erroneously executed outside of available and correct Price Bands during LULD Protected Hours should be nullified in all cases, whether the cause was an Exchange technology or systems issue or some other issue that has not yet been imagined. The inclusion of such limiting language has the potential to cause confusion and add delay to the process of addressing such trades.

As noted above, proposed Case 2 would apply “when Price Bands were available and correct, as determined by an Officer, using his or her own discretion.” The Exchange proposes to add this condition to distinguish Case 2 from other potential scenarios where transactions should be evaluated when the LULD Price Bands were erroneous or missing, as described below in proposed Cases 3 and 4. The Exchange believes it is appropriate for an Officer, using his or her own discretion, to determine whether the Price Bands were available and correct such that Case 2 applies.

Proposed Case 2 would provide: “A Case 2 transaction shall be nullified by an Officer acting on his or her own motion or at the request of a third party, without regard to the Percentage Parameters or Numerical Guidelines set forth in this Rule.” The provision providing that an Officer shall nullify such transactions acting on his or her own motion is taken directly from current paragraph (g), without substantive change. The Exchange proposes to add “without regard to the Percentage Parameters or Numerical Guidelines set forth in this Rule” to make

clear that such nullification by the Officer is not discretionary, nor is it based on computations described elsewhere in the Rule.

Current paragraph (g) contains additional language regarding the timing of the Officer's review, the notification of parties involved in the subject transaction, and the appeal rights of aggrieved parties. This language is substantively identical to the procedural language contained in current paragraph (f). As with Case 1 above, the Exchange proposes not to include the procedural language within Case 2 itself, but to include it instead in the "Procedures" section of the proposed Rule at paragraph (c)(1)(B).

The Exchange notes that current paragraph (c)(1)(B) includes a provision that indicates that a transaction that "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 paragraph (g)" will be "subject to review . . . and found to be clearly erroneous if the price of the transaction to buy (sell) that is subject of the complaint is greater than (less than) the Reference Price, described in paragraph (d) below, by an amount that equals or exceeds the applicable Percentage Parameter" This provision was added as part of the 2022 Amendment and appears to be inconsistent with paragraph (g), which requires the Exchange simply to nullify such transactions. The Exchange believes that the paragraph (g) approach – which has been part of the clearly erroneous rule since 2013¹⁸ – is the more reasonable approach, and that transactions executed outside LULD Price Bands should be nullified without further analysis. For that reason, the Exchange proposes to eliminate the inconsistent provisions of paragraph (c)(1)(B) and adopt the paragraph (g) approach, as described and revised above, in Case 2.

¹⁸ See Securities Exchange Act Release Nos. 68804 (February 1, 2013), 78 FR 8677 (February 6, 2013) (SR-NYSE-2013-11) (adding "Securities Subject to Limit Up-Limit Down Plan" section as paragraph (i) of Rule 128).

Finally, current paragraph (g) includes the caveat that “[i]n the event that a single plan processor experiences a technology or systems issue that prevents the dissemination of Price Bands, the Exchange will make the determination of whether to nullify transactions based on paragraph (c)(1)(B) above.” Because the Exchange proposes to address such processor issues in Cases 3 and 4 below, the Exchange proposes not to include this sentence in Case 2.

Case 3 - Unavailable or Missing LULD Price Bands

Proposed Case 3 (proposed subparagraph (b)(3)) would apply when a “transaction was executed during LULD Protected Hours at a time when Price Bands under the LULD Plan were unavailable, because (a) the first Price Bands had not yet been received after a security’s opening or reopening; or (b) the Price Bands are missing.”

This proposed language is a clarification of the portion of current paragraph (c)(1)(B), added in the 2022 Amendment, that provides that clearly erroneous review is available if the transaction “was executed at a time when Price Bands under the LULD Plan were not available.” The Exchange’s Rule 19b-4 filing in support of the 2022 Amendment noted that in certain circumstances during the Core Trading Session, clearly erroneous review should act as a “backstop” to the LULD Plan:

[T]here are instances, such as the opening auction on the primary listing market, or circumstances where a transaction that ordinarily would have been subject to the LULD Plan is not – due, for example, to some issue with processing the Price Bands. These transactions would continue to be eligible for clearly erroneous review [under the 2022 Amendment], effectively ensuring that such review remains available as a backstop when the LULD Plan would not prevent executions from occurring at erroneous prices in the first instance.¹⁹

Proposed Case 3 would make explicit that clearly erroneous review is available when a

¹⁹ See Securities Exchange Act Release No. 95822 (September 19, 2022), 87 FR 58140 at 58142 (September 23, 2022) (SR-NYSE-2022-44) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.10).

transaction was executed during LULD Protected Hours at a time when the first Price Bands had not yet been received after a security's opening or reopening (i.e., clause (a) of proposed paragraph (b)(3)). This provision is intended to capture the first circumstance identified in the quoted passage above: the case of an opening (or reopening) auction, when LULD Price Bands are not yet in effect. Because the protection of the Price Bands is not available at that time, transactions executed during that interval should be entitled to clearly erroneous review.

Proposed Case 3 would also make explicit that clearly erroneous review is available in the case of missing Price Bands during LULD Protected Hours (i.e., clause (b) of proposed subparagraph (b)(3)). The Exchange believes that Case 3 should cover all cases where Price Bands are missing during LULD Protected Hours, regardless of whether the missing Price Bands are caused by the processor's failure to disseminate them, the Exchange's failure to receive or implement them, or some other reason that has not yet been imagined. As such, the Exchange does not propose to include limiting language such as the language in current paragraph (g) (i.e., "[i]n the event that a single plan processor experiences a technology or systems issue that prevents the dissemination of Price Bands"), because the Exchange believes that clearly erroneous review should be available in all instances during LULD Protected Hours where Price Bands are unavailable or missing, regardless of the cause.²⁰

Finally, proposed Case 3 would specify that a "Case 3 transaction 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 consolidated last sale immediately prior to the execution(s) under review (or, in cases where there are no prior trades, the previous day's official closing price) by

²⁰ Note that proposed Case 3 would cover only unavailable and missing Price Bands – i.e., the absence of Price Bands during LULD Protected Hours. The presence of incorrect Price Bands would be covered in proposed Case 4.

an amount that equals or exceeds the applicable Percentage Parameter.” This language is based on current paragraph (c)(1), without substantive change, but instead of cross-referencing the definition of “Reference Price,” it incorporates the relevant portion of the definition of “CEE Reference Price” from proposed paragraph (a)(1).

Case 4 - Erroneous LULD Price Bands

Proposed Case 4 (proposed subparagraph (b)(4)) would apply when a “transaction was executed during LULD Protected Hours at a time when Price Bands under the LULD Plan were available but erroneous, as determined by an Officer using his or her own discretion.”

Similar to Case 3 above, the Exchange’s Rule 19b-4 filing in support of the 2022 Amendment contemplated that clearly erroneous review would be available in such situations. The Exchange intended for erroneous Price Bands to be among the “issue[s] with processing the Price Bands” where the clearly erroneous rules would act as “a backstop.”²¹ Proposed Case 4 would make explicit that clearly erroneous review is available when a transaction was executed during LULD Protected Hours at a time when Price Bands under the LULD Plan were available but those Price Bands were erroneous, as determined by an Officer using his or her own discretion.

Current Rule 7.10(c)(1)(C) already includes two specific examples in which clearly erroneous review is available during LULD Protected Hours due to erroneous LULD Price Bands: in cases involving “(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” where the Reference Price “is determined to be erroneous by an Officer of the Exchange because it clearly deviated from the theoretical value of the security.” The Exchange now proposes to bring those

²¹ See supra note 14.

two examples under Case 4, and to also specify several additional, non-exclusive factors contemplated by the “issue[s] with processing the Price Bands” language from the Exchange’s Rule 19b-4 filing in support of the 2022 Amendment, where clearly erroneous review should be available due to erroneous LULD Price Bands, as determined by an Officer using his or her own discretion. The proposed Rule would provide that an Officer “may consider factors including, but not limited to,” the following.

Proposed subparagraph (A)(1) would describe one such factor: “whether the LULD Reference Price that was used to calculate the Price Bands was based on a price that equaled or exceeded the Numerical Guidelines.” This factor illustrates the fact that if the LULD Reference Price deviates from the theoretical value of the security by an amount that equals or exceeds the Numerical Guidelines, it is a telltale sign that the LULD Price Bands are erroneous. Such an instance would be an “issue with processing the Price Bands” within the language that the Exchange included in its Rule 19b-4 filing in support of the 2022 Amendment and is therefore not novel.

Proposed subparagraph (A)(2) would describe a second factor: “whether there was an issue that impacted the processor’s calculation of the Price Bands.” This factor would include cases such as the processor experiencing a software or hardware issue, as well as the instances described in footnote 12 [sic] above. This factor is a clear example of the “issue with processing the Price Bands” language that the Exchange included in its Rule 19b-4 filing in support of the 2022 Amendment and is therefore not novel.

Proposed subparagraph (A)(3) would describe a third factor: “whether the security at issue was included in the correct LULD Tier under the LULD Plan.” This factor refers to the LULD Plan’s requirement that a security must be categorized into either “Tier 1” or “Tier 2,”

with Percentage Parameters of either 5% (for Tier 1) or 10% (for Tier 2) for NMS securities with an LULD Reference Price of more than \$3.00.²² A security incorrectly classified into the wrong LULD Tier would have the wrong Percentage Parameters applied to its LULD Reference Price, meaning that the resulting LULD Price Bands would be erroneous. This factor is another clear example of the “issue with processing the Price Bands” language that the Exchange included in its Rule 19b-4 filing in support of the 2022 Amendment and is therefore not novel.

Proposed subparagraph (A)(4) would describe a fourth factor: “whether the transaction involved a corporate action or new issue where the LULD Reference Price clearly deviated from the theoretical value of the security due to conflicting or incorrect information in the market about the security, or an objective error like a processing or technical error.” This factor is based on paragraph (c)(1)(C)(1) of the current rule, but replaces the term “Reference Price” with “LULD Reference Price” as defined in proposed Rule 7.10(a)(4) (i.e., an erroneous reference price was used for calculating the LULD Price Bands), since it is clear from context that is the meaning contemplated by the current rule text. The Exchange proposes to supplement the current rule text by adding “due to conflicting or incorrect information in the market about the security, or an objective error like a processing or technical error,” as illustrative examples of the types of errors that could result in a corporate action or new issue having an erroneous LULD Reference Price.²³ The Exchange believes this addition is not material and will enhance comprehension of the Rule.

²² See LULD Plan, *supra* note 4, Appendix A - Percentage Parameters.

²³ For instance, clearly erroneous review would be available under Case 4 for transactions involving a reverse stock split that was incorrectly reported to the market as a forward stock split. That scenario would result in an incorrect LULD Reference Price for the security, meaning that any LULD Price Bands calculated using that incorrect LULD Reference Price would be erroneous.

Proposed subparagraph (A)(5) would describe a fifth factor: “whether the transaction involved a security that entered a Trading Pause pursuant to the LULD Plan and resumed trading without an auction, where the LULD Reference Price clearly deviated from the theoretical value of the security.” This factor is based on paragraph (c)(1)(C)(2) of the current Rule, but, as in proposed subparagraph (A)(4) above, replaces the term “Reference Price” with “LULD Reference Price” as defined in proposed Rule 7.10(a)(4) (i.e., an erroneous reference price was used for calculating the LULD Price Bands), since it is clear from context that is the meaning contemplated by the current rule text.

In sum, proposed subparagraph (A) under Case 4 provides illustrative examples of the types of factors that might lead to LULD Price Bands being erroneous, but as mentioned above, the list is intended to be non-exclusive and subject to Officer discretion.

In proposed subparagraph (B) under Case 4, the first sentence would provide that if the Officer determines that the LULD Price Bands are erroneous, the Officer may use a different CEE Reference Price that is based on the theoretical value of the security (the “Revised CEE Reference Price”) for the purpose of clearly erroneous review. The Exchange believes that this provision is necessary because erroneous LULD Price Bands may be the byproduct of the security trading at prices that deviate from the theoretical value of the security. In such a case, it is likely that the CEE Reference Price that would ordinarily be used for clearly erroneous review²⁴ may also deviate from the theoretical value of the security. In such a case, the impact of such error can be corrected by using a Revised CEE Reference Price that is based on the theoretical value of the security. This proposed text is based on paragraph (c)(1)(C) of the current Rule, without substantive change, and is consistent with paragraph (d)(3) of the current

²⁴ In most cases, the CEE Reference Price is the last consolidated round lot sale.

Rule, which permits using a Revised CEE Reference Price when “necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.”

The second sentence of proposed subparagraph (B) under Case 4 would incorporate rule text from current Rule 7.10(c)(1)(C) about how the Exchange would determine the Revised CEE Reference Price in the instances described in subparagraph (A)(4) above. It would provide that: “With respect to transactions that involved a corporate action or new issue, the Exchange would consider a number of factors to determine a Revised CEE Reference Price that is based on the theoretical value of the security, including but not limited to, the offering price of the new issue, the ratio of the stock split applied to the prior day’s closing price, the theoretical price derived from the numerical terms of the corporate action transaction such as the exchange ratio and spin-off terms, and for an OTC up-listing, the price of the security as provided in the prior day’s FINRA Trade Dissemination Service final closing report.” This language is based on paragraph (c)(1)(C) and the first two sentences of paragraph (d)(2) of the current Rule, without substantive alteration.

The third sentence of proposed subparagraph (B) under Case 4 would incorporate rule text from current Rule 7.10(c)(1)(C) and (d)(2) about how the Exchange would determine the Revised CEE Reference Price in the instances described in subparagraph (A)(5) above. It would provide that: “With respect to transactions that involved a security that entered a Trading Pause pursuant to the LULD Plan and resumed trading without an auction, the Exchange may use the last effective upper or lower Price Band that triggered the limit state before the Trading Pause or another appropriate Revised CEE Reference Price.” This language is based on the last sentence of paragraph (d)(2) of the current Rule, but substitutes the phrase “the last effective upper or lower Price Band that triggered the limit state before the Trading Pause” for the current text (“the

last effective Price Band that was in a limit state before the Trading Pause”). The Exchange believes that the addition of the words “upper,” “lower,” and “triggered” adds further specification to the situation described in the current Rule. In addition, the Exchange proposes to add the language “or another appropriate Revised CEE Reference Price” because although the Price Band that triggered the LULD Trading Pause may be a reasonable indicator of the theoretical value of the security at the time of the LULD Trading Pause, trading following the LULD Trading Pause (albeit without a re-opening auction) may suggest that another price may be more appropriate.

Proposed subparagraph (C) under Case 4 would specify that a “Case 4 transaction shall be found to be clearly erroneous if the price of the transaction to buy (sell) is greater than (less than) the Revised CEE Reference Price by an amount that equals or exceeds the Percentage Parameters.” This language is based on paragraph (c)(1)(C) of the current Rule with two alterations. First, the Exchange proposes to replace the term “new Reference Price” in the current Rule with “Revised CEE Reference Price” in the proposed Rule, since that term is used in proposed subparagraph (B). Second, the current text of paragraph (c)(1)(C) references not just the Percentage Parameters, but also the Numerical Guidelines, “as applicable depending on whether the security is subject to the LULD Plan.” The Exchange proposes not to include that phrase in proposed Case 4 because transactions in securities not subject to the LULD Plan would be moved into Case 5 (discussed below) in the revised Rule.

Case 5 - Transactions Executed During LULD Protected Hours in NMS Stocks Not Subject to the LULD Plan, and Transactions Executed Outside of LULD Protected Hours

Proposed Case 5 (proposed subparagraph (b)(5)) is based on current paragraphs (c)(1)(A) and (c)(2) of Rule 7.10, with changes as described below. Proposed Case 5 would describe the

availability of clearly erroneous review for transactions that are not subject to the LULD Plan, either because (1) the transactions were executed during LULD Protected Hours in securities that are not subject to the LULD Plan (i.e., rights or warrants) (current paragraph (c)(1)(A)), or (2) because the transactions were executed outside of LULD Protected Hours when the LULD Plan is not operational (current paragraph (c)(2)). The Exchange proposes to locate both of these rules in the same Case 5 to simplify the Rule's organization, reduce the need to cross-reference within the Rule, and enhance the Rule's clarity.

Proposed subparagraph (b)(5) would provide that “[e]xcept in the case of an Outlier Transaction (discussed below),²⁵ transactions executed during LULD Protected Hours in NMS Stocks not subject to the LULD Plan and transactions executed outside of LULD Protected Hours shall be found to be clearly erroneous in the following two situations,” and would go on to define Case 5A and Case 5B in the following subparagraphs.

Case 5A - Numerical Guideline Requirement

Proposed Case 5A (subparagraph (b)(6)(A)) would describe the first of the two situations in which the transaction under Case 5 shall be found to be clearly erroneous, namely, when, “[s]ubject to the additional factors described below in this Case 5A, 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 Numerical Guidelines set forth below.” This language is based on paragraph (c)(2)(A) of the current Rule, without substantive change.

The “Additional Factors” included in Case 5A is substantively identical to paragraph (c)(2)(C) of the current Rule, and would provide that “an Officer may also consider additional factors to determine whether an execution is clearly erroneous, provided the execution occurred

²⁵ Outlier Transactions are discussed below in proposed paragraph (c)(1)(A)(2)(b).

during the Early Trading Session or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan. Such additional factors include, but are 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, executions outside of the Core Trading Session, validity of the consolidated tapes trades and quotes, consideration of primary market indications, and executions inconsistent with the trading pattern in the stock. Each additional factor will be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.”

Consistent with current practice, when the Exchange considers these additional factors, it typically looks for a representation in the clearly erroneous filing indicating the existence of an error. Such errors may include, for example, a system malfunction or disruption (such as at the Exchange, trade reporting facility, data processor, or market participant), which resulted in incorrect market data or executions, incorrect processing of a corporate action, or a typographical error in the material terms of an order.

Proposed subparagraph (A) under Case 5A would also incorporate the table from current paragraph (c)(2)(A), with the following alteration. The two rows in the current table concerning Multi Stock Events (i.e., “Multi Stock Events – Filings involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less” and “Multi Stock Events – Filings involving twenty or more securities whose executions occurred within a period of five minutes or less”) would be deleted and replaced with descriptive text in Case 5B, described below.

Case 5B - Multi-Stock Events

Proposed Case 5B (subparagraph (b)(6)(B)) would describe the second of the two situations in which the transaction under Case 5 may be found to be clearly erroneous, namely, Multi-Stock Events.

As an initial matter, the current version of Rule 7.10 contains two scenarios involving “Multi Stock Events”: (1) “filings involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less,” and (2) filings involving twenty or more securities whose executions occurred within a period of five minutes or less.” The Exchange believes that the numbers of affected securities referenced in those scenarios are now too low to justify special treatment, and that events of such size are more properly analyzed on a security-by-security basis by applying the Case 1 through Case 5A as discussed above.

The Exchange proposes instead that an event should be treated as a “Multi-Stock Event” only if it involves 50 or more securities whose executions occurred within 5 minutes. The Exchange believes that 50 securities is a more appropriate trigger for the application of the Multi-Stock Event rule. The 20-security threshold in the current Rule has not been updated since 2010,²⁶ and given the Exchange’s experience in processing clearly erroneous reviews over the past 16 years, the Exchange believes that it would be able to process clearly erroneous requests involving fewer than 50 securities without resorting to the Multi-Stock Event rule. In addition, while the current Rule assumes that Multi-Stock Events will be brought to the Exchange’s attention via a filing from a customer, the Exchange proposes that Case 5B would state that a Multi-Stock Event may be reviewable as clearly erroneous “by an Officer acting on his or her

²⁶ See Securities Exchange Act Release No. 62886 (September 10, 2010), 75 FR 56613 (September 16, 2010) (SR-NYSE-2010-47) (adding “Multi-Stock Events Involving Twenty or More Securities” to Rule 128).

own motion.” The Exchange believes that with respect to events of this size, it would be reasonable for an Officer to act on his or her own motion without insisting on the requirement that a customer file a formal request for review.

Apart from these modifications, proposed Case 5B is based on current Rule 7.11(c)(2)(B). The third sentence of proposed Case 5B – which would provide that “[s]uch transactions will be nullified provided the price of the transactions to buy (sell) are greater than (less than) the Reference Price for each security by an amount that equals or exceeds 30%” – is based on the final sentence of current Rule 7.11(c)(2)(B), without substantive differences. The fourth sentence of proposed Case 5B – which would provide that “[t]he Exchange will coordinate with other SROs regarding the appropriate review period (which may be greater than the 5-minute period that triggered the application of this paragraph) and Reference Prices to use for this analysis” – is based on the third and fourth sentences of current Rule 7.11(c)(2)(B), without substantive differences.

Finally, the Exchange proposes to add as the fifth sentence of proposed Case 5B a requirement providing that “[a]ny action taken in connection with this paragraph will be taken in a timely fashion, and no later than 8:30 a.m. Eastern Time on the trading day following the date of the executions under review.” This proposed reference to 8:30 a.m. Eastern Time is consistent with other references in this proposed Rule to an 8:30 a.m. cut-off time in light of T+1 settlement.

Case 5A and Case 5B - Use of Revised CEE Reference Price

Proposed subparagraph (C) under Case 5 would be titled “Use of Revised Reference Price in Case 5A and Case 5B” and would provide: “In Case 5A and Case 5B, the Exchange may use a Revised CEE Reference Price in circumstances involving, for example, relevant news

impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a Revised CEE Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.” This language is based on paragraph (d)(3) of the current Rule, without substantive change. The Exchange proposes to omit the proviso in current paragraph (d)(3) (i.e., “provided that such circumstances occurred during the Early Trading Session or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan”) because the proposed inclusion of the phrase “[i]n Case 5A and Case 5B” provides the same limitation.²⁷

(c) Procedures

Finally, the Exchange proposes to reorganize all rule text about the procedures under the clearly erroneous rule in to a revised paragraph (c). In the current Rule, such procedures are split across paragraphs (b), (c), (e), and (f). The Exchange believes that reorganizing all of the procedures into one area of the Rule will enhance the clarity and comprehension of the Rule.

The Exchange proposes to organize the procedures into two categories: “Review Procedures” in subparagraph (1) and “Appeals” in subparagraph (2).

(c)(1) - Review Procedures

Proposed subparagraph (c)(1) would set out all the procedures for the review of potentially clearly erroneous transactions.

Request for Review by Member Organization

²⁷ The Exchange proposes to delete paragraph (h) of the current Rule 7.10 pertaining to “Multi Day Event.” That provision was added to the rule in 2014 to cover “[a] series of transactions in a particular security on one or more trading days . . . [that are] based on the same fundamentally incorrect or grossly misinterpreted issuance information resulting in a severe valuation error for all such transactions.” See Securities Exchange Act Release No. 72434 (June 19, 2014), 79 FR 36110 (June 25, 2014) (SR-NYSE-2014-22) (adding “Multi Day Event” section as paragraph (j) of Rule 128). In light of the fact that settlement cycles have been greatly shortened since this provision was added in 2014, and particularly, in light of the T+1 settlement cycle instituted in 2024, the Exchange believes that the provision for “Multi Day Events” is obsolete and should be deleted from the rule.

Proposed subparagraph (c)(1)(A), titled “Request for Review by Member Organization,” would set forth the procedures for reviewing a transaction when a member organization requests such review.

Proposed subparagraph (c)(1)(A)(1) would be titled “General.” The first sentence would provide: “A member organization may request that the Exchange review a transaction for its own account or for its customer’s account under the Rule.” This language is based on the first sentence of paragraph (b) of the current Rule, except that it omits the phrase “*submitted erroneously*” as used in the current Rule. This change would clarify that a member organization may request review of any transaction. Whether the transaction is “erroneous” would be determined by the review process, and a belief that it was “submitted erroneously” should not be a precursor to requesting review.

The second sentence of proposed subparagraph (c)(1)(A)(1) would provide: “Member organizations are responsible for submitting valid requests for review to the Exchange within the timeframes set out below.” This language does not appear in the current version of the Rule, but the Exchange proposes to include it in the revised version to add specificity to the review procedure.

The third and fourth sentences of proposed subparagraph (c)(1)(A)(1) would provide: “An Officer will review the transaction under dispute and determine whether it is clearly erroneous, with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. Such request for review will be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to member organizations.” This language is based on the second and third sentences of paragraph (b) of the current Rule, without substantive change.

Proposed subparagraph (c)(1)(A)(2) would be titled “Timing of Requests for Review.”

Proposed subparagraph (c)(1)(A)(2)(a) would be titled “General” and would provide: “Requests for review must be received by the Exchange within 30 minutes of execution time and will include information concerning the time of the transaction(s), security symbol(s), number of shares, price(s), side (bought or sold), and the factual basis for believing that the trade is clearly erroneous. Upon receipt of a timely filed request, the counterparty to the trade will be notified by the Exchange as soon as practicable, but generally within 30 minutes. An Officer may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction will provide, within 30 minutes of the request, any supporting written information. Either party to the disputed trade may request supporting written information provided by the other party on the matter.” This language is identical to the paragraph (b)(1) of the current Rule, except for the following differences. The current Rule is limited to “receipt of a timely filed request *that satisfies the numerical guidelines set forth in Section (c)(1) of this Rule,*” but in the proposed Rule, the Numerical Guidelines would apply only to Case 5A. The Exchange believes that the clarity of the Rule would be enhanced by removing the limitation, making clear that proposed subparagraph (c)(1)(A)(2)(a) applies to all requests for review under any Case.

Proposed subparagraph (c)(1)(A)(2)(b) would be titled “Outlier Transactions” and would include a reorganized and streamlined version of language from paragraph (c)(2)(D) of the current Rule. The first sentence of proposed subparagraph (c)(1)(A)(2)(b) would provide: “In Case 5A transactions where the execution price of the security is greater than three times the current Numerical Guidelines set forth in this Rule (an “Outlier Transaction”), an Officer may, at his or her sole discretion, and on a case-by-case basis, consider requests received after 30

minutes, but not longer than 60 minutes after the transaction in question, depending on the facts and circumstances surrounding such request.” This language is based on subparagraphs (c)(2)(D) and (c)(2)(D)(i) of the current Rule, except that the Exchange proposes to replace the limitation in the current Rule (i.e., “during the Early Trading Session or eligible for review pursuant to paragraph (c)(1)(A)”) with “[i]n Case 5A transactions.” This is a non-substantive change, since proposed Case 5A captures the limiting language in the current Rule.

The second sentence of proposed subparagraph (c)(1)(A)(2)(b) would provide: “If the execution price of the security in question is not within the Outlier Transaction parameters described in the previous sentence but breaches the 52-week high or 52-week low, the Exchange may consider the additional factors in paragraph (b)(6)(A) of Case 5A in determining if the transaction qualifies for further review or if the Exchange shall decline to act.” This language is based on paragraph (c)(2)(D)(ii) of the current Rule.

Proposed subparagraph (c)(1)(A)(3) would be titled “Determination by Officer” and would include a revised version of the language in paragraph (e)(1) of the current Rule. While the current version of the Rule implies that all requests for review will be submitted to an Officer for determination, the Exchange believes that certain facially insufficient requests should not progress to that stage. As such, the Exchange proposes to include new language in the first sentence of subparagraph (c)(1)(A)(3) providing that “[i]f the request for review is untimely, was submitted by a non-member, and/or does not indicate a reason why the execution is clearly erroneous, the request will be deemed invalid and the Officer will decline to act on it.”

The second sentence of proposed subparagraph (c)(1)(A)(3) would provide that “[i]n the case of a valid request, unless both parties to the disputed transaction agree to withdraw the initial request for review, the Officer will review the disputed transaction and render a

determination that it either is or is not clearly erroneous.” This language is based on the first sentence of current subparagraph (e)(1), with slight modifications to enhance its clarity.

The third, fourth, and fifth sentences of proposed subparagraph (c)(1)(A)(3) would provide: “In the event that the Officer determines that the disputed transaction is clearly erroneous, the Officer will declare the transaction null and void. A determination will be made generally within 30 minutes of receipt of the complaint, but in no case later than 8:30 a.m. Eastern Time on the following trading day. The parties will be promptly notified of the determination.” This language is based on the third, fourth, and fifth sentences of current paragraph (e)(1) (and similar language in current paragraphs (g) and (i)), without substantive change, except the Exchange proposes the 8:30 a.m. Eastern Time deadline instead of “the start of Core Trading” (as paragraph (e)(1) currently provides) in light of T+1 settlement.

Officer Acting On Own Motion

Proposed subparagraph (c)(1)(B), titled “Officer Acting On Own Motion,” would be substantively identical to paragraph (f) of the current Rule, with updated cross-references. Specifically, in the first sentence, the Exchange proposes to replace the current text’s reference to “during the Early Trading Session or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan” with “pursuant to paragraph (b) above.” In the second sentence, the Exchange proposes to replace the current text’s reference to “paragraphs (c)(1) and (c)(2)” with an updated reference to “paragraph (b).” In the fourth sentence, the Exchange proposes to replace the current text’s reference to “the start of Core Trading” to “no later than 8:30 Eastern Time” in light of T+1 settlement. In the last sentence, the Exchange proposes to delete the phrase “[w]hen such action is taken independently” from the current text as extraneous, and proposes to replace the current cross-reference to the appeal provisions in “subsection (e)(2)-(4)

above” with a cross reference to “paragraph (c)(2) below.” None of these changes is substantive.

Cross-Market Coordination

The Exchange proposes to add a new provision as paragraph (c)(1)(C), titled “Cross-Market Coordination.”

The Exchange proposes that subparagraph (c)(1)(C)(1) would provide: “Regarding events involving trading activity on multiple SROs, the Exchange will use reasonable efforts as appropriate to coordinate with other SROs regarding the Exchange’s determinations, if any, about (a) whether transactions occurred outside of available and correct Price Bands, (b) whether the LULD Price Bands or LULD Reference Price are erroneous, (c) what CEE Reference Price or Revised CEE Reference Price to use, and (d) issues related to Multi-Stock Events.” The proposed language reflects the Exchange’s existing practice of coordinating with other SROs on such topics whenever a market event involving trading activity on multiple SROs raises questions about the availability of clearly erroneous review. Cross-exchange coordination is already reflected in the current rule text applicable to Multi-Stock Events and Multi-Day Events, and in practice, the exchanges currently coordinate with each other about additional aspects of market-wide events. The proposed rule text synthesizes the existing rule text and the Exchange’s current practices, making explicit the Exchange’s practice of using reasonable efforts as appropriate to coordinate with other markets on such issues.

The Exchange proposes that subparagraph (c)(1)(C)(2) would provide: “Regarding events involving trading activity on multiple SROs, if another SRO receives a valid request to review a transaction(s) as clearly erroneous and coordinates with the Exchange about such request, an Officer may declare transactions on the Exchange that meet the same criteria to be clearly erroneous on his or her own motion, pursuant to paragraph (c)(1)(B) above.” The

proposed language reflects the Exchange’s existing practice of acting on its Officer’s own motion to declare transactions clearly erroneous based on criteria agreed upon as a result of coordination with other affected exchanges.²⁸

In light of these proposed provisions about cross-market coordination, the Exchange proposes to delete current paragraph (b)(2), which is titled “Routed Executions.” That provision currently provides that “[o]ther market centers will generally have an additional 30 minutes from receipt of their participant’s timely filing, but no longer than 60 minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to the Exchange from that market center and executed on the Exchange.” This provision predates the Exchange’s current practice of coordinating with other SROs whenever a market event involving trading activity on multiple SROs raises questions about the availability of clearly erroneous review, regardless of whether particular orders had been routed to particular exchanges. As such, the Exchange believes that the language in current paragraph (b)(2) setting a particular time limit to consider routed orders is unnecessarily limiting, and proposes instead to replace current paragraph (b)(2) with the procedures regarding cross-market collaboration in proposed subparagraph (c)(1)(C).

(c)(2) - Appeals

Proposed subparagraph (c)(2) would set out the appeal procedures for clearly erroneous review. This proposed subparagraph would be identical to current paragraph (e)(2)-(6), with the following alterations.

²⁸ Notwithstanding this existing practice of considering such events on its Officer’s own motion, the Exchange still wishes to encourage member organizations to submit requests for clearly erroneous review directly to the exchange, even in events involving trading activity on multiple SROs. For that reason, the Exchange has proposed to add the second sentence of proposed subparagraph (c)(1)(A)(1), described above, providing that “[m]ember organizations are responsible for submitting valid requests for review to the Exchange within the timeframes set out below.”

First, the Exchange proposes to renumber the several subparagraphs of the Rule. Current subparagraph (e)(3), (e)(4), (e)(5), and (e)(6) would become proposed subparagraphs (c)(2)(C), (c)(2)(D), (c)(2)(E), and (c)(2)(F), respectively.

Second, the reference in current paragraph (e)(2) to decisions “under paragraph (g)” would be updated to refer to “Case 2,” and the current reference to “applicable Price Bands” would be updated to refer to “available and correct Price Bands,” which is the language used in proposed Case 2.

Third, the Exchange proposes to reduce the number of member organization representatives that must be designated to serve on the CEE Panel to 5 (in proposed subparagraph (c)(2)(B)), from 10 (in current paragraph (e)(2)(B)). The Exchange notes that in practice, appeals from clearly erroneous determination are quite rare and the CEE Panel meets infrequently. The requirement to have 10 member organization representatives at the ready for such a small number of appeals has become excessive, and accordingly, the Exchange proposes to recalibrate that number to better reflect the actual need for CEE Panel members currently.

Fourth, the Exchange proposes to change the time for the CEE Panel to render a decision from “no later than the trading day following the date of the execution under review” (in current paragraph (e)(3)) to “no later than 8:30 a.m. Eastern Time on the trading day following the date of the execution under review.” The Exchange proposes this 8:30 a.m. Eastern Time deadline in light of T+1 settlement. .

Fifth, the cross-reference to “Rule 7.10(E)(1)” in current subparagraph (e)(5) would be updated in proposed subparagraph (c)(2)(E) to refer instead to “paragraph (c)(1)(A) or (B).”

Implementation

The Exchange will publish a trader notice before implementing the proposed changes

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of Section 6(b) of the Act,²⁹ in general, and Section 6(b)(5) of the Act,³⁰ in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and not to permit unfair discrimination between customers, issuers, brokers, or dealers.

Reorganization. The Exchange believes that it is consistent with just and equitable principles of trade to reorganize Rule 7.10 into three clear subsections addressing (a) Definitions, (b) Availability of Clearly Erroneous Review, and (c) Procedures, as proposed here. The current Rule is an amalgam of rule text originating in 2010, 2013, 2014, 2022, and 2026, and has not been comprehensively reorganized since its inception. The Exchange believes that the clarity of the Rule can be enhanced and improved by the reorganizing the Rule and gathering similar provisions together. In addition, the Exchange believes that identifying each situation in which clearly erroneous review is available and assigning such situations with easy-to-identify Case numbers will make it easier for market participants to navigate, understand, and use the Rule.

Definitions. The Exchange believes that it is consistent with just and equitable principles of trade to include in proposed paragraph (a), “Definitions,” definitions of all terms used within the Rule, and to move definitions that previously existed elsewhere in the Rule to the “Definitions” section in paragraph (a). The Exchange believes that gathering definitions in one paragraph at the start of the Rule will enhance the ability of market participants to navigate,

²⁹ 15 U.S.C. § 78f(b).

³⁰ 15 U.S.C. § 78f(b)(5).

understand, and use the Rule, and minimize the amount of cross-referencing that market participants must do in order to comprehend and apply the Rule text.

Cases 1 and 2 and the Elimination of Inconsistent and Duplicative Provisions. The Exchange believes it is consistent with just and equitable principles of trade and with the protection of investors and the public interest to delete from the Rule the provisions of current paragraph (c)(1)(B) that direct the Exchange to perform an analysis using Percentage Parameters in cases where a transaction occurred outside of LULD Price bands pursuant current to paragraph (g) or during a regulatory halt, suspension, or pause pursuant to current paragraph (i). As noted above, the reference to Percentage Parameters in such cases was added to the Rule as part of the 2022 Amendment, and appears to be inconsistent with preexisting requirements of paragraphs (g) and (i), which require the Exchange to nullify such transactions without regard to Percentage Parameters. The Exchange believes that the approach in paragraphs (g) and (i) – which have been part of the clearly erroneous rule since 2013 and 2014 respectively³¹ – should be maintained and thus proposes in Cases 1 and 2 that transactions executed outside of LULD Bands or during a trading halt, suspension, or pause should be nullified without further analysis.

Cases 3 and 4 Covering Unavailable, Missing, and Erroneous LULD Price Bands. The Exchange believes that it is consistent with just and equitable principles of trade and with the protection of investors and the public interest to add rule text making explicit that clearly erroneous review is available in the cases of unavailable or missing LULD Price Bands (proposed Case 3) and erroneous LULD Price Bands (proposed Case 4). As explained above, current paragraph (c)(1)(B) provides that clearly erroneous review is available if the transaction “was executed at a time when Price Bands under the LULD Plan were not available,” and the

³¹ See supra notes 12 and 13.

Exchange's Rule 19b-4 filing in support of the 2022 Amendment explained that clearly erroneous review should be available to act as a "backstop" to the LULD Plan during the Core Trading Session in situations where there is "some issue with processing the Price Bands."³² The proposed addition of Cases 3 and 4 would make explicit that the "issue[s] with processing the Price Bands" referred to in the Exchange's Rule 19b-4 filing include cases where the Price Bands are unavailable because the first Price Bands had not yet been received after a security's opening or reopening, the Price Bands are missing, or the Price Bands were available but erroneous. As such, this proposed change is not substantive, but would be a clarification of the existing rule text and rationale.

Case 5B – Multi-Stock Events. The Exchange believes that it is consistent with just and equitable principles of trade to combine the two Multi-Stock Events currently codified in Rule 7.10 into proposed Case 5B, which sets forth a single standard of review for erroneous transactions involving at least 50 securities occurring outside of the Core Trading Session over a five-minute period. Rather than having two separate criteria for reviewing Multi-Stock Events, which occur infrequently, the Exchange believes that moving to one set of criteria would provide a more uniform application of the Rule and enable the Exchange to respond more efficiently during situations where a large number of transactions across multiple securities are under review.

Procedures. The Exchange believes that it is consistent with equitable principles of trade and with the protection of investors and the public interest to make the proposed clarifying changes to the procedures for clearly erroneous review, as described above. In particular, the Exchange believes that referring in the proposed Rule to its existing procedures regarding cross-

³² See supra note 14.

market coordination on events involving trading activity on multiple SROs would provide greater certainty and clarity to market participants about the clearly erroneous review process.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposal would ensure the continued, uninterrupted operation of harmonized clearly erroneous execution rules across the U.S. equities markets while also amending those rules to provide greater certainty to SROs, member organizations, and investors regarding the particular Cases where clearly erroneous review is available. The Exchange understands that the other national securities exchanges and FINRA will also file similar proposals, the substance of which are identical to this proposal. Thus, the proposed rule change will help to ensure consistency across SROs without implicating any competitive issues.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSE-2026-50 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NYSE-2026-50. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-NYSE-2026-50 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Sherry R. Haywood,

Assistant Secretary.

³³ 17 CFR 200.30-3(a)(12).