

Trader Update

Date: September 30, 2009
Audience: NYSE Arca Constituents and Compliance Officers
Subject: Clearly Erroneous Execution (CEE) Rule and Procedure Changes

Highlights:

- New industry protocol for requesting the review of clearly erroneous trades
 - Revised numerical guidelines for determining clearly erroneous trades
 - Revised guidelines for volatile market opens
 - There will be no forced adjustments, voluntary adjustments only
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Beginning Monday, October 5, 2009 – in conjunction with the other U.S. equities markets and pursuant to the NYSE Arca Equities Rule 7.10 – NYSE Arca will change its procedures for requesting a review of clearly erroneous trades. The new industry wide procedure requires all requests for review to be made in writing via email by the ETP Holder.

This requirement creates a standardized format that can easily be logged and tracked.

Clearly Erroneous Review Requests

- 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

Numerical Guidelines

Numerical guidelines have been revised to create clear standards for determining what constitutes a clearly erroneous transaction. These Numerical Guidelines represent the general consensus approach and were developed based on the collective experiences of a market-wide group, and are being implemented in conjunction with the other U.S. equities markets. NYSE Arca believes that the Thresholds established are fair and appropriate, and apply evenly to all participants.

Under the new guidelines a transaction executed during the Core Trading Session or the Opening and Late Trading Sessions may be found to be clearly erroneous only if the price of the transaction to buy is greater, or less in the case of a sale, then the reference price by an amount that equals or exceeds the numerical guidelines for a particular transaction category.

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

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Reference Price: Consolidated Last Sale	Core Trading Session Numerical Guidelines (Subject transaction's % difference from the Consolidated Last Sale):	Opening and Late Trading Session Numerical Guidelines (Subject transaction's % difference from the Consolidated Last Sale):
Greater than \$0.00 up to and including \$25.00	10%	20%
Greater than \$25.00 up to and including \$50.00	5%	10%
Greater than \$50.00	3%	6%
Multi-Stock Event – Filings involving five or more securities by the same ETP Holder will be aggregated into a single filing	10%	10%
Leveraged ETF/ETN securities	Core Trading Session Numerical Guidelines multiplied by the leverage multiplier (e.g. 2x)	Core Trading Session Numerical Guidelines multiplied by the leverage multiplier (e.g.. 2x)

NYSE Arca may consider additional factors to determine whether an execution is clearly erroneous. These 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, Opening and Late Session executions, 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 shall be considered with a view toward maintaining a fair and orderly market, the protection of investors and the public interest.

Volatile Market Opens

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

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

Unusual Circumstances

In Unusual circumstances, NYSE Arca may use – while attempting to maintain a fair and orderly market, protect investors and public interest – a Reference Price other than the consolidated last sale. Unusual Circumstances can include periods of extreme market volatility, sustained illiquidity, or widespread system issues. Other Reference Prices may include the consolidated inside price, the consolidated opening price, the consolidated prior close, or the consolidated last sale prior to a series of executions.

Joint Market Rulings

In circumstance that involve other markets NYSE Arca could potentially use a different Reference Price and/or Numerical Guideline. In these circumstances the Reference Price would be determined based on a consensus among the Exchanges where the transactions occurred.

For the complete text of the rule please refer to NYSE Arca Equities Rule 7.10. <http://nysearcarules.nyse.com/pcx/pcxe/>

For the complete text of the rule filing please refer to

[http://apps.nyse.com/commdata/pub19b4.nsf/docs/762DDCA3A7B6CA338525763C006DA946/\\$FILE/NYSEArca-2009-36%20\(SEC%20Release%2034-60706\).pdf](http://apps.nyse.com/commdata/pub19b4.nsf/docs/762DDCA3A7B6CA338525763C006DA946/$FILE/NYSEArca-2009-36%20(SEC%20Release%2034-60706).pdf)

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Revised Reporting Procedure

On October 5th we ask that all 'review requests' be made using a PDF form and emailed to an NYSE Arca designated Officer at CEENYSEArca@nyx.com. The PDF form as well as the details for transmitting a review request will be found at <http://www.nyse.com/equities/nysearcaequities/1157018931942.html> on October 5th.

A web-based electronic facility is being created by the NYSE Euronext technologies team for submission of clearly erroneous filings. The new reporting facility is scheduled to be available for clearly erroneous filings by the end of the year.

Contact Info:

If you have further questions please contact the NYSE Arca Trade Support Desk at (888) 513 9873.

Other NYSE Euronext News:

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