

Industry Harmonization of the Obvious Error Rule Explained



International Securities Exchange®

Please note that this is merely a summary of the Exchanges' Rule 720 – Nullification and Adjustment of Options Transactions including Obvious Error. Members should read the rule in its entirety to ensure compliance with its requirements.

In the event of a discrepancy between the summary and the rule, the rule supersedes.



Standard Trade Review Request

Notification Times

A trade review request must be made within the time frames below after an execution.

Submitter	Permitted Time Window
Priority Customer	30 minutes
Non-Priority Customer	15 minutes
Linkage – Priority Customer	45 minutes
Linkage – Non-Priority Customer	30 minutes

Theoretical Price Determination

To qualify, an execution price must be greater than the Minimum Amount through the Theoretical Price, defined as NBBO, according to the table.

Theoretical Price	Minimum Amount
Below \$2.00	\$0.25
\$2.00 to \$5.00	\$0.40
Above \$5.00 to \$10.00	\$0.50
Above \$10.00 to \$20.00	\$0.80
Above \$20.00 to \$50.00	\$1.00
Above \$50.00 to \$100.00	\$1.50
Above \$100.00	\$2.00



Exceptions to using NBBO

There are three exceptions that will allow the Exchange to determine TP

- Transactions at the open,
 - No quote or no valid quote
 - Wide quotes
- A wide quote is one that is approximately 3X the standard Theoretical Price/Minimum Amount table width requirement at the time of execution when a tighter, valid quote, existed in the prior 10 seconds.

Bid at Time of Trade	Minimum Amount
Below 2.00	0.75
2.00 to 5.00	1.25
Above 5.00 to 10.00	1.50
Above 10.00 to 20.00	2.50
Above 20.00 to 50.00	3.00
Above 50.00 to 100.00	4.50
Above 100.00	6.00



KOLD5MAY43.0C

2/12/15

9:30:07am

ISE MM to ISE MM opening rotation trade. MMXX enters a quote for 10 contracts that was at the IBO creating a locked market. MM1 was the contra quote on the ISE.

Old Rule: Does not qualify. NBBO was \$33.00 x \$43.00 at the time of execution excluding ISE quotes. Trade occurred at \$38.50.

Action taken: None

New Rule: Does not qualify. Under *Transactions at the Open*, the bid/ask differential was greater than the Minimum Amount. The Exchange determined that \$37.50 x \$38.50 was the Theoretical Price.

Action taken: None. The theoretical offer price \$38.50 was the best offer and the fill price.

Comparison: Two different approaches. The Theoretical Price was the trade price. Under the new rule, this would not qualify. Under the old rule, NBBO would be used even with wide quotes.

Buy Own BU	Sell Own BU	Instrument	Trd Qty	Trade Pric	ME Txn Time Stamp
MMXX	MM1	KOLD5MAY43.0C	10	\$38.50	9:30:00.360

Time	Symbol	Option	Qty	Price	Exchange	Condition	Market	Size	Option NBBO
09:30:07:075	KOLD	May15 43 C			CBOE	Regular	37.50 x 38.50	2 x 1	37.5 x 38.5
09:30:07:075	KOLD	May15 43 C			CBOE	Regular	33.00 x 43.00	10 x 10	33 x 43
09:30:07:425	KOLD	May15 43 C	10	38.50	ISE	AutoExecution	33.00 x 43.00 (NBBO)	10 x 10 (NBBO)	33 x 43
09:30:07:425	KOLD	May15 43 C			ISE	Regular	0.00 x 0.00	0 x 0	33 x 43
09:30:07:425	KOLD	May15 43 C			ISE	Regular	0.00 x 0.00	0 x 0	33 x 43
09:30:07:625	KOLD	May15 43 C			GMNI	Regular	36.90 x 38.90	10 x 10	36.9 x 38.9
09:30:07:625	KOLD	May15 43 C			GMNI	Regular	0.00 x 0.00	0 x 0	36.9 x 38.9
09:30:07:900	KOLD	May15 43 C			ISE	Regular	35.50 x 40.50	10 x 10	35.5 x 40.5
09:30:07:925	KOLD	May15 43 C			GMNI	Regular	35.50 x 40.50	10 x 10	35.5 x 40.5
09:30:08:225	KOLD	May15 43 C			GMNI	Regular	0.00 x 0.00	0 x 0	35.5 x 40.5
09:30:08:250	KOLD	May15 43 C			GMNI	Regular	35.50 x 40.50	10 x 10	35.5 x 40.5
09:30:09:000	KOLD	May15 43 C			GMNI	Regular	0.00 x 0.00	0 x 0	35.5 x 40.5
09:30:09:075	KOLD	May15 43 C			GMNI	Regular	35.50 x 40.50	10 x 10	35.5 x 40.5
09:30:09:725	KOLD	May15 43 C			GMNI	Regular	0.00 x 0.00	0 x 0	35.5 x 40.5
09:30:09:925	KOLD	May15 43 C			GMNI	Regular	35.50 x 40.50	10 x 10	35.5 x 40.5
09:30:10:150	KOLD	May15 43 C			CBOE	Regular	33.00 x 43.00	11 x 11	35.5 x 40.5
09:30:10:475	KOLD	May15 43 C			GMNI	Regular	0.00 x 0.00	0 x 0	35.5 x 40.5
09:30:10:600	KOLD	May15 43 C			GMNI	Regular	35.50 x 40.50	10 x 10	35.5 x 40.5
09:30:11:225	KOLD	May15 43 C			GMNI	Regular	0.00 x 0.00	0 x 0	35.5 x 40.5
09:30:11:400	KOLD	May15 43 C			GMNI	Regular	35.50 x 40.50	10 x 10	35.5 x 40.5
09:30:12:025	KOLD	May15 43 C			GMNI	Regular	35.50 x 40.40	10 x 10	35.5 x 40.4
09:30:12:425	KOLD	May15 43 C			ISE	Regular	36.00 x 40.50	11 x 10	36 x 40.4



BAX6JAN75.0P

2/13/15

9:30:09am

ISE MM to ISE MM trade. MMXX enters a quote for 10 contracts that was thru the NBO creating an inverted market. MM1 was the contra quote on the ISE.

Old Ruling: Qualifies. Buyside execution traded thru NBO by more than \$.50.

Action taken: Adjustment made (non-Priority Cust. execution) Theoretical \$9.40 + \$.30= \$9.70

New Ruling: Qualifies, buyside execution traded thru NBO by more than \$.50.

Action taken: Adjustment made (non-Priority Cust. execution) Theoretical \$9.40 + \$.30= \$9.70

Comparison: Same Result

Buy BU	Sell BU	Series	Trd Qty	Trade Price	Time Stamp
MMXX	MM1	BAX6JAN75.0P	10	\$10.00	9:30:09.713

Time	Symbol	Option	Qty	Price	Exchange	Condition ▲	Market	Size	Option NBBO
09:30:09.725	BAX	Jan15'16 75 P			ISE	Regular	10.00 x 12.00	10 x 10	10 x 12
09:30:09.725	BAX	Jan15'16 75 P			GMNI	Regular	7.50 x 9.40	21 x 11	10 x 9.4
09:30:09.725	BAX	Jan15'16 75 P			GMNI	Regular	7.50 x 9.40	46 x 11	10 x 9.4
09:30:09.725	BAX	Jan15'16 75 P			ARCA	Rotation	8.40 x 9.50	10 x 1	10 x 9.4
09:30:09.725	BAX	Jan15'16 75 P			AMEX	Rotation	8.40 x 9.50	10 x 1	10 x 9.4
09:30:09.725	BAX	Jan15'16 75 P	10	10.00	ISE	AutoExecution	10.00 x 9.40 (NBBO)	10 x 11 (NBBO)	10 x 9.4
09:30:09.725	BAX	Jan15'16 75 P			ISE	Regular	7.45 x 9.40	11 x 1	10 x 9.4
09:30:09.725	BAX	Jan15'16 75 P			AMEX	Rotation	8.25 x 9.50	20 x 1	8.4 x 9.4
09:30:09.725	BAX	Jan15'16 75 P			ARCA	BidAskAutoExec	7.95 x 9.50	21 x 1	8.4 x 9.4
09:30:09.725	BAX	Jan15'16 75 P			GMNI	Regular	7.50 x 9.50	46 x 30	8.25 x 9.4
09:30:09.750	BAX	Jan15'16 75 P			AMEX	Rotation	8.40 x 9.50	10 x 1	8.4 x 9.4
09:30:09.750	BAX	Jan15'16 75 P			GMNI	Regular	8.25 x 9.50	11 x 20	8.4 x 9.4
09:30:09.750	BAX	Jan15'16 75 P			ARCA	BidAskAutoExec	8.40 x 12.55	10 x 1	8.4 x 9.4
09:30:09.750	BAX	Jan15'16 75 P			ARCA	BidAskAutoExec	8.40 x 12.55	9 x 1	8.4 x 9.4
09:30:09.750	BAX	Jan15'16 75 P			AMEX	Rotation	8.25 x 9.50	10 x 1	8.4 x 9.4
09:30:09.750	BAX	Jan15'16 75 P			ARCA	BidAskAutoExec	8.40 x 11.45	9 x 1	8.4 x 9.4
09:30:09.750	BAX	Jan15'16 75 P			ISE	Regular	7.95 x 10.05	20 x 10	8.4 x 9.4
09:30:09.750	BAX	Jan15'16 75 P			ISE	Regular	7.45 x 10.05	11 x 10	8.4 x 9.5
09:30:09.750	BAX	Jan15'16 75 P			AMEX	Rotation	8.40 x 9.50	10 x 1	8.4 x 9.5
09:30:09.750	BAX	Jan15'16 75 P			ISE	Regular	5.20 x 11.60	11 x 11	8.4 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			GMNI	Regular	7.75 x 9.50	11 x 20	8.4 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			ISE	Regular	8.40 x 11.60	11 x 11	8.4 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			AMEX	Rotation	7.25 x 9.50	10 x 1	8.4 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			ISE	Regular	8.40 x 9.70	11 x 10	8.4 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			ARCA	BidAskAutoExec	7.75 x 11.45	10 x 1	8.4 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			GMNI	Regular	7.50 x 9.50	25 x 20	8.4 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			ISE	Regular	7.70 x 9.70	10 x 10	8.4 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			GMNI	Regular	7.70 x 9.50	11 x 20	7.75 x 9.5
09:30:09.775	BAX	Jan15'16 75 P			BATS	NonFirm	8.00 x 9.05	16 x 1	8 x 9.05
09:30:09.775	BAX	Jan15'16 75 P			ISE	Regular	7.70 x 9.70	21 x 10	8 x 9.05
09:30:09.775	BAX	Jan15'16 75 P			ARCA	BidAskAutoExec	6.45 x 11.45	1 x 1	8 x 9.05
09:30:09.800	BAX	Jan15'16 75 P			AMEX	Rotation	7.70 x 9.50	10 x 1	8 x 9.05



AFSI5MAR45.0C

2/26/15

10:30:14am

A Priority Customer entered a limit order to sell 1 contract at \$7.60. The order trades with an ISE MM quote.

Old Ruling: Did not qualify. NBBO at the time of execution was \$7.60 x \$11.70. Order traded against NBBO not through it by the amount needed to qualify.
 Action taken: None

New Ruling: Did not qualify. The execution occurs at NBBO, however, the quotes used for comparison were wide enough to examine under the Wide Quote provision. After analyzing the quotes 10 seconds prior to the execution, there were none less than the minimum amount to qualify.
 Action taken: None

Comparison: This is where the new rule does not change outcome.

Buy Own BU	Sell Own BU	Instrument	Trd Qty	Trade Price	ME Txn Time Stamp
MM1	EAMXX	AFSI5MAR45.0C	1	\$7.60	10:30:14.530

Time	Symbol	Option	Qty	Price	Exchange	Condition ▲	Market	Size	Option NBBO
10:30:00:250	AFSI	Mar20 45 C			PHLX	Regular	7.60 x 11.70	349 x 316	7.6 x 11.7
10:30:00:250	AFSI	Mar20 45 C			AMEX	BidAskAutoExec	7.60 x 11.70	312 x 276	7.6 x 11.7
10:30:00:250	AFSI	Mar20 45 C			ISE	Regular	7.60 x 11.70	151 x 152	7.6 x 11.7
10:30:00:325	AFSI	Mar20 45 C			CBOE	Regular	7.60 x 11.70	212 x 272	7.6 x 11.7
10:30:00:500	AFSI	Mar20 45 C			ISE	Regular	7.60 x 11.70	141 x 142	7.6 x 11.7
10:30:01:450	AFSI	Mar20 45 C			CBOE	Regular	7.60 x 11.70	264 x 326	7.6 x 11.7
10:30:01:700	AFSI	Mar20 45 C			CBOE	Regular	7.60 x 11.70	264 x 276	7.6 x 11.7
10:30:02:000	AFSI	Mar20 45 C			CBOE	Regular	7.60 x 11.70	264 x 326	7.6 x 11.7
10:30:02:400	AFSI	Mar20 45 C			CBOE	Regular	7.60 x 11.70	264 x 276	7.6 x 11.7
10:30:02:650	AFSI	Mar20 45 C			CBOE	Regular	7.60 x 11.70	264 x 326	7.6 x 11.7
10:30:02:925	AFSI	Mar20 45 C			CBOE	Regular	7.60 x 11.70	264 x 276	7.6 x 11.7
10:30:03:175	AFSI	Mar20 45 C			CBOE	Regular	7.60 x 11.70	264 x 326	7.6 x 11.7
10:30:14:525	AFSI	Mar20 45 C	1	7.60	MIAX	Canceled	7.60 x 11.70 (NBBO)	1356 x 1397 (NI 7.6 x 11.7	
10:30:14:525	AFSI	Mar20 45 C			MIAX	Regular	7.60 x 11.70	91 x 92	7.6 x 11.7
10:30:14:525	AFSI	Mar20 45 C			PHLX	Regular	7.60 x 11.70	348 x 316	7.6 x 11.7
10:30:14:525	AFSI	Mar20 45 C	1	7.60	PHLX	Canceled	7.60 x 11.70 (NBBO)	1354 x 1397 (NI 7.6 x 11.7	
10:30:14:525	AFSI	Mar20 45 C	1	7.60	ISE	Canceled	7.60 x 11.70 (NBBO)	1354 x 1397 (NI 7.6 x 11.7	
10:30:14:525	AFSI	Mar20 45 C			ISE	Regular	7.60 x 11.70	140 x 142	7.6 x 11.7
10:30:14:525	AFSI	Mar20 45 C	1	7.60	BOX	Canceled	7.60 x 11.70 (NBBO)	1353 x 1397 (NI 7.6 x 11.7	
10:30:14:525	AFSI	Mar20 45 C			BOX	Regular	7.60 x 11.70	10 x 11	7.6 x 11.7
10:30:14:525	AFSI	Mar20 45 C			MIAX	Regular	7.70 x 11.70	20 x 92	7.7 x 11.7
10:30:14:525	AFSI	Mar20 45 C			BATS	BidAskAutoExec	7.70 x 11.70	68 x 12	7.7 x 11.7

EPD5FEB45.0PZ

2/19/15

9:32:40am

A Priority Customer placed a limit order to buy 3 contracts at \$4.90. Contra side was a ISE MM quote in a wide market.

Old Ruling: Does not qualify. NBBO was \$1.35 x \$5.50 at the time of execution excluding ISE quotes.

Action taken: None

New Ruling: Qualifies. Under the *Wide Quotes* rule, the NBBO at the time of the execution was greater than the Minimum Amount set forth. Also, there was a quote within the 10 seconds preceding the execution that was less than the Minimum Amount. The NBBO used to calculate theoretical price was \$1.35 x \$1.85.

Action taken: BUSTED; Priority Customer vs ISE MM

Comparison: This is where the new rule aids the customer. Market width expanded during the 10 second period.

Buy Own BU	Sell Own BU	Instrument	Trd Qty	Trade Price	ME Txn Time Stamp
EAMXX	MM1	EPD5FEB45.0PZ	3	\$4.90	9:32:40.800

Time	Symbol	Option	Qty	Price	Exchange	Condition ▲	Market	Size	Option NBBO
09:32:36.775	EPD	Feb20 45 P			ISE	Regular	1.35 x 2.25	28 x 10	1.35 x 2.25
09:32:36.775	EPD	Feb20 45 P			ISE	Regular	1.35 x 2.50	28 x 10	1.35 x 2.5
09:32:36.775	EPD	Feb20 45 P			ISE	Regular	1.35 x 2.75	28 x 10	1.35 x 2.75
09:32:36.775	EPD	Feb20 45 P			ISE	Regular	1.35 x 3.00	28 x 10	1.35 x 3
09:32:36.775	EPD	Feb20 45 P			ISE	Regular	1.35 x 3.50	28 x 10	1.35 x 3.5
09:32:36.775	EPD	Feb20 45 P			ISE	Regular	1.35 x 4.00	28 x 10	1.35 x 4
09:32:36.775	EPD	Feb20 45 P			ISE	Regular	1.35 x 4.50	28 x 10	1.35 x 4.5
09:32:36.775	EPD	Feb20 45 P			ISE	Regular	1.35 x 4.80	28 x 10	1.35 x 4.8
09:32:37.000	EPD	Feb20 45 P			ISE	Regular	1.35 x 5.30	28 x 10	1.35 x 5.3
09:32:37.000	EPD	Feb20 45 P			ISE	Regular	1.35 x 5.50	28 x 10	1.35 x 5.5
09:32:37.975	EPD	Feb20 45 P			CBOE	Regular	1.35 x 1.85	1 x 1	1.35 x 1.85
09:32:38.000	EPD	Feb20 45 P			CBOE	Regular	1.35 x 6.30	1 x 1	1.35 x 1.85
09:32:38.000	EPD	Feb20 45 P			CBOE	Regular	1.35 x 6.00	1 x 1	1.35 x 5.5
09:32:38.000	EPD	Feb20 45 P			NASDBX	Regular	1.10 x 4.90	1 x 1	1.35 x 4.9
09:32:38.000	EPD	Feb20 45 P			NASDAQ	Regular	1.35 x 5.80	17 x 1	1.35 x 4.9
09:32:39.175	EPD	Feb20 45 P			ISE	Regular	1.35 x 4.90	17 x 11	1.35 x 4.9
09:32:39.175	EPD	Feb20 45 P			ISE	Regular	1.10 x 4.90	10 x 11	1.35 x 4.9
09:32:39.175	EPD	Feb20 45 P			NASDAQ	Regular	1.10 x 5.40	1 x 1	1.35 x 4.9
09:32:39.175	EPD	Feb20 45 P			CBOE	Regular	1.35 x 5.50	1 x 1	1.35 x 4.9
09:32:39.825	EPD	Feb20 45 P			NASDBX	Regular	1.35 x 5.50	1 x 1	1.35 x 4.9
09:32:40.800	EPD	Feb20 45 P	3	4.90	ISE	AutoExecution	1.35 x 4.90 (NBBO)	2 x 11 (NBBO)	1.35 x 4.9
09:32:40.800	EPD	Feb20 45 P			ISE	Regular	1.10 x 4.90	10 x 8	1.35 x 4.9



Adjust or Bust

Qualifying trades where at least one party is a Priority Customer will be busted.

- An exception to the Priority Customer bust exists based on the number of Priority Customer transactions submitted for review by a member.

Basis for the exception – a router has an issue or mismarks orders as Priority Customer.

Qualifying trades between non-Priority Customers will be adjusted using the table for 50 contracts or less.

Theoretical Price	Buy Side Adjust – TP+	Sell Side Adjust – TP-
Below 3.00	0.15	0.15
At or Above 3.00	0.30	0.30

For qualifying trades exceeding 50 contracts between non-Priority Customers, a Size Adjustment Modifier will be used to determine the adjusted trade price.

Number of Contracts per Execution	Adjustment – TP Plus/Minus
1 – 50	N/A
51 – 250	2 times adjustment amount
251 - 1000	2.5 times adjustment amount
1001 or more	3 times adjustment amount



Items to Note

No Bid consideration is not included in the new rule.

New Authority is given for Official Acting on Own Motion.



VMW5FEB91.0C

2/11/15

15:58:25pm

A Prop Firm enters an order to buy 464 contracts with a limit of \$.10 in a no bid series. It trades against all quotes that were on the offer at the time.

Old Ruling: Qualified under the no bid rule. Strike at the time and for 5 seconds preceding the execution was zero bid. Strike below was zero bid at time of execution as well.

Action taken: 464 contracts were BUSTED

New Ruling: Does not qualify. No Bid provision has been excluded in the new rules. Barring voluntary busts, Prop Firm ends up with \$4,640 error.

Action taken: None

Comparison: Under the old rule, executions such as these would have been busted. New rule will leave these STANDING AS EXECUTED

Buy Own BU	Sell Own BU	Instrument	Trd Qty	Trade Price	ME Txn Time Stamp
EAMXX	MM1	VMW5FEB89.0C	11	\$0.10	15:59:55.087
EAMXX	MM2	VMW5FEB89.0C	102	\$0.10	15:59:55.087
EAMXX	MM3	VMW5FEB89.0C	42	\$0.10	15:59:55.087
EAMXX	MM4	VMW5FEB89.0C	39	\$0.10	15:59:55.087
EAMXX	MM5	VMW5FEB89.0C	13	\$0.10	15:59:55.087

Time	Symbol	Option	Qty	Price	Exchange	Condition ▲	Market	Size	Option NBBO
15:57:44:325	VMW	Feb20 91 C			AMEX	BidAskAutoExec	0.00 x 0.10	0 x 585	0 x 0.1
15:57:57:500	VMW	Feb20 91 C			NASDAQ	Regular	0.00 x 0.10	0 x 24	0 x 0.1
15:57:57:525	VMW	Feb20 91 C			AMEX	BidAskAutoExec	0.00 x 0.10	0 x 615	0 x 0.1
15:57:57:650	VMW	Feb20 91 C			CBOE	Regular	0.00 x 0.10	0 x 600	0 x 0.1
15:58:01:400	VMW	Feb20 91 C			CBOE	Regular	0.00 x 0.10	0 x 583	0 x 0.1
15:58:01:400	VMW	Feb20 91 C			AMEX	BidAskAutoExec	0.00 x 0.10	0 x 599	0 x 0.1
15:58:25:625	VMW	Feb20 91 C	36	0.10	GMNI	AutoExecution	0.00 x 0.10 (NBBO)	0 x 3052 (NBBO)	0 x 0.1
15:58:25:625	VMW	Feb20 91 C			GMNI	Regular	0.00 x 0.10	0 x 234	0 x 0.1
15:58:25:625	VMW	Feb20 91 C	464	0.10	ISE	AutoExecution	0.00 x 0.10 (NBBO)	0 x 3016 (NBBO)	0 x 0.1
15:58:25:625	VMW	Feb20 91 C			CBOE	Regular	0.00 x 0.10	0 x 533	0 x 0.1

Time	Symbol	Option	Qty	Price	Exchange	Condition ▲	Market	Size	Option NBBO
15:57:39:750	VMW	Feb20 90 C			NASDAQ	Regular	0.00 x 0.10	0 x 14	0.05 x 0.1
15:57:43:600	VMW	Feb20 90 C			ISE	Regular	0.05 x 0.10	10 x 451	0.05 x 0.1
15:57:43:600	VMW	Feb20 90 C			ISE	Regular	0.00 x 0.10	0 x 451	0 x 0.1
15:57:57:500	VMW	Feb20 90 C			NASDAQ	Regular	0.00 x 0.10	0 x 24	0 x 0.1
15:58:13:650	VMW	Feb20 90 C			CBOE	Regular	0.00 x 0.10	0 x 577	0 x 0.1
15:58:25:625	VMW	Feb20 90 C			BATS	BidAskAutoExec	0.00 x 0.90	0 x 1	0 x 0.1
15:58:25:625	VMW	Feb20 90 C			MIAX	Regular	0.00 x 0.10	0 x 333	0 x 0.1
15:58:25:625	VMW	Feb20 90 C			PHLX	Regular	0.00 x 0.10	0 x 627	0 x 0.1
15:58:25:625	VMW	Feb20 90 C			CBOE	Regular	0.00 x 0.10	0 x 390	0 x 0.1



Catastrophic Trade Review Request

Notification times

Request for a Catastrophic Error Review must be received by 8:30 a.m. ET on the first trading day following the execution, OR, for expiring options, 45 minutes after the market close on trade date.

Theoretical Price determination

To qualify as a Catastrophic Error, an execution price must be greater than the Minimum Amount through the theoretical price according to the table in the rule. The Minimum Amount is approximately 2X the value in the chart for a Standard Trade Review with the same Theoretical Price levels.

Adjust or Bust

If deemed a Catastrophic Error, an adjustment will occur according to the Theoretical Price/Minimum Amount values defined in the rule. The table is the same used for determining if a trade qualifies as a Catastrophic Error. If one party is a Priority Customer, and the adjustment price is through their limit, the trade is busted.



Significant Market Event

A Significant Market Event will be deemed to have occurred when the result of transactions that are potentially erroneous would meet or exceed a total Worst-Case Adjustment Penalty of \$30,000,000.

Or;

A threshold of 150% is met or exceeded, based on a calculation of the four factors as expressed in percentage terms and measured in aggregate across all exchanges.

- (A) Worst-Case Adjustment Penalty of \$30,000,000,
- (B) 500,000 options contracts are potentially erroneous
- (C) Transactions with a notional value of \$100,000,000 may be erroneous;
- (D) 10,000 transactions are potentially erroneous.



Other Considerations

- Trading Halts
- Erroneous Print in the Underlying
- Erroneous Quote in the Underlying
- Stop and Stop Limit Trades
- Linkage Trades
- Appeals
- Limit Up-Limit Down State
- Adjustment to a worse price
- Complex Order Executions

