

In unusual circumstances, which may include periods of extreme market volatility, sustained illiquidity, or widespread system issues, FINRA may, in its discretion and with a view toward maintaining a fair and orderly market and the protection of investors and the public interest, use a Reference Price other than the prevailing market price just prior to the time of the trade. 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.

(3) Additional Factors

A FINRA officer may also consider additional factors to determine whether a transaction is clearly erroneous, including but 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 and the protection of investors and the public interest.

(c) For purposes of this Rule, the term "OTC Equity Security" has the same meaning as defined in Rule 6420, except that the term shall not include any equity security that is traded on any national securities exchange.

••• **Supplementary Material:** -----

.01 Limited Application of Clearly Erroneous Authority to Transactions in OTC Equity Securities. With respect to OTC Equity Securities in particular, FINRA historically has applied its clearly erroneous authority in only very limited circumstances, for example, where there is an extraordinary event that has had a material effect on the market for the OTC Equity Security and the canceling of trades is necessary to protect investors and ensure a fair and orderly marketplace. This more narrow approach is due to differences in the OTC equity and exchange-listed markets, including the lack of compulsory information flows in the OTC equity market that come as a result of the listing process and the fact that aberrant trading in the OTC equity market is often due to issues other than systems problems or extraordinary events. As a result, in the vast majority of situations relating to OTC Equity Securities, FINRA does not expect to use its clearly erroneous authority; rather, FINRA expects the parties to settle any dispute privately.

Amended by SR-FINRA-2015-034 eff. Dec. 20, 2015.
Amended by SR-FINRA-2010-002 eff. Feb. 15, 2010.
Adopted by SR-FINRA-2009-068 eff. Feb. 15, 2010.

Selected Notices: 10-04, 16-04.

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Dec 20, 2015 onwards



11894. Review by the Uniform Practice Code ("UPC") Committee

[The Rule](#)[Notices](#)

(a) A member or person associated with a member may appeal a determination to declare a transaction null and void made by a FINRA officer under Rule 11892 to the UPC Committee, unless a decision is made by a FINRA officer under Rule 11892.02 regarding transactions that occurred outside of the applicable Price Bands disseminated pursuant to the LULD Plan, and further provided that rulings made by FINRA in conjunction with one or more other self-regulatory organizations are not appealable. A member or person associated with a member may appeal a determination to declare a transaction null and void made by a FINRA officer under Rule 11893 to the UPC Committee, unless the officer making the determination also determines that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. An appeal must be made in writing, and must be received by FINRA within thirty (30) minutes after the person making the appeal is given the notification of the determination being appealed. Once a written appeal has been received, the counterparty to the trade that is the subject of the appeal will be notified of the appeal and both parties shall be able to submit any additional supporting written information up until the time the appeal is considered by the UPC Committee. Either party to a disputed trade may request the written information provided by the other party during the appeal process. An appeal shall not operate as a stay of the determination being appealed, and the scope of the appeal shall be limited to trades which the person making the appeal is a party. Once a party has appealed a determination to the UPC Committee, the determination shall be reviewed and a decision rendered, unless (1) both parties to the transaction agree to withdraw the appeal prior to the time a decision is rendered, or (2) the party filing the appeal withdraws its appeal prior to the notification of counterparties under this paragraph. Upon consideration of the record, and after such hearings as it may in its discretion order, the UPC Committee, pursuant to the standards set forth in this Rule, shall affirm, modify, reverse, or remand the determination.

(b)(1) With respect to appeals regarding exchange-listed securities, determinations by the UPC Committee pursuant to this Rule will be rendered as soon as practicable, but generally, on the same trading day as the execution(s) under review. On requests for appeal received after 3:00 p.m., Eastern Time, a determination will be rendered as soon as practicable, but in no case later than the trading day following the date of the execution(s) under review.

(2) With respect to appeals regarding OTC Equity Securities, determinations by the UPC Committee pursuant to this Rule will be rendered as soon as practicable, but in no case later than two trading days following the date of the execution(s) under review.

(c) The decision of the UPC Committee pursuant to an appeal, or a determination by a FINRA officer that is not appealed, shall be final and binding upon all parties and shall constitute final action on the matter in issue. Any determination by a FINRA officer pursuant to Rule 11892 or 11893 or any decision by the UPC Committee pursuant to this Rule shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

(d) Communications

(1) All materials submitted pursuant to this Rule shall be submitted in writing within the time parameters specified herein via such telecommunications procedures as FINRA may announce from time to time. Materials shall be deemed received at the time indicated by the equipment (i.e., facsimile or computer) receiving the materials. FINRA, in its sole and absolute discretion, reserves the right to reject or accept any material that is not received within the time parameters specified herein.

(2) FINRA shall provide affected parties with prompt notice of determinations under this Rule via facsimile, electronic mail, or telephone (including voicemail); provided, however, that if an officer nullifies or modifies a large number of transactions pursuant to Rule 11892 or 11893, FINRA may instead provide notice to parties via a press release or any other method reasonably expected to provide rapid notice to many market participants.

(e) For purposes of this Rule and other FINRA rules that permit review of FINRA decisions by the UPC Committee, a decision of the UPC Committee may be rendered by a panel of that Committee. The panel shall consist of three or more members of the UPC Committee, provided that no more than 50 percent of the members of any panel are directly engaged in market making activity or employed by a member with revenues from market making activity that exceed ten percent of its total revenues.

Amended by SR-FINRA-2022-027 eff. Oct. 1, 2022.
Amended by SR-FINRA-2009-068 eff. Feb. 15, 2010.
Amended by SR-FINRA-2008-037 eff. July 8, 2008.
Amended by SR-NASD-2006-104 eff. March 5, 2007.
Amended by SR-NASD-2006-121 eff. Oct. 30, 2006.
Amended by SR-NASD-2005-087 eff. Aug. 1, 2006.
Amended by SR-NASD-2006-033 eff. Mar. 1, 2006.
Amended by SR-NASD-2005-089 eff. Oct. 1, 2005.
Amended by SR-NASD-2005-115 eff. Sep. 22, 2005.
Amended by SR-NASD-2004-009 eff. July 27, 2005.
Amended by SR-NASD-2003-125 eff. Aug. 8, 2003.
Amended by SR-NASD-2003-080 eff. May 6, 2003.
Amended by SR-NASD-2002-127 eff. Jan. 22, 2003.
Amended by SR-NASD-98-85 eff. October 11, 1999.
Amended by SR-NASD-98-94 eff. April 26, 1999.
Amended by SR-NASD-96-51 eff. Feb. 23, 1998.
Amended June 21, 1991; May 21, 1993.
Adopted eff. Apr. 2, 1990.

Selected Notices: [98-21](#), [99-29](#), [00-10](#), [03-11](#), [10-04](#).

◀ 11893. CLEARLY ERRONEOUS TRANSACTIONS IN OTC EQUITY SECURITIES

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11900. CLEARANCE OF CORPORATE DEBT SECURITIES ▶

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Oct 01, 2022 onwards

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> [FINRA RULES](#) > [11000. UNIFORM PRACTICE CODE](#)

11900. Clearance of Corporate Debt Securities

(a) Each member or its agent that is a participant in a registered clearing agency, for purposes of clearing over-the-counter securities transactions, shall use the facilities of a registered clearing agency for the clearance of eligible transactions between members in corporate debt securities.

(b) Paragraph (a) of this Rule does not apply to a transaction between members (the “parties”) whose accounts are carried by a member (the “carrying member”) that clears and settles the transaction through book-keeping transfers between the parties’ accounts at the carrying member.

(c) Pursuant to the Rule 9600 Series, FINRA may exempt any transaction or class of transactions in corporate debt securities from the provision of this Rule as may be necessary to accommodate special circumstances related to the clearance of such transactions or class of transactions.

Amended by SR-FINRA-2020-002 eff. Feb. 16, 2020.
Amended by SR-FINRA-2010-030 eff. Dec. 15, 2010.
Amended by SR-NASD-97-28 eff. Aug. 7, 1997.
Adopted by SR-NASD-95-11 eff. June 30, 1995.

Selected Notices: 95-46, 10-49.

[← 11894. REVIEW BY THE UNIFORM PRACTICE CODE \(“UPC”\) COMMITTEE](#)

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[12000. CODE OF ARBITRATION PROCEDURE FOR CUSTOMER DISPUTES →](#)

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Feb 16, 2020 onwards

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