

# CLEARLY ERRONEOUS TRADE POLICY

**Date:** April 2025  
**Version:** 4.00  
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**Document Status:** Final  
**Document Identifier:** SD-LEVEL-CETP-0004

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# Clearly Erroneous Trade Policy

## 1. Introduction

If a User of the LevelL ATS believes that an executed trade was materially inconsistent with the trading market at the time of the trade in that security, it may request a review of such trade(s) by LevelL Markets, LLC (“LevelL Markets”), the broker-dealer operator of LevelL ATS, under LevelL Markets’ Clearly Erroneous Trade Policy. LevelL Markets is also subject to FINRA’s Clearly Erroneous rule – Rule 11892 – and may cancel certain transactions if requested to do so by FINRA pursuant to Rule 11892.

Upon receipt of a valid request for review from a LevelL ATS User, LevelL Markets will review the disputed transaction, applying the guidelines set forth herein and other considerations it deems appropriate. LevelL Markets reserves the right to request written documentation relating to the disputed transaction, which is reasonably necessary for use by LevelL Markets in resolving the matter. If the transaction is determined to be clearly erroneous, LevelL Markets will, in its sole discretion, cancel or modify the executed trade.

## 2. Guidelines

LevelL Markets generally considers a transaction to be clearly erroneous when the execution of a trade is substantially inconsistent with the trading market conditions of the security at the time of execution. In making such a determination, LevelL Markets takes into account the circumstances at the time of the transaction, the preservation of the integrity of the market and the maintenance of a fair and orderly marketplace. Simple assertion by a firm that it made a mistake in entering an order, or that it failed to pay attention or to update an order, may not be sufficient to establish that a transaction was clearly erroneous. Users and Authorized Users of the LevelL ATS are responsible for ensuring that the appropriate price and type of order are entered into the LevelL ATS.

Listed below are the general requirements for a clearly erroneous trade review, consisting of Quantitative and Qualitative Guidelines.

- **QUANTITATIVE GUIDELINES**

A transaction not meeting the minimum price threshold is not considered clearly erroneous. A transaction price meeting the minimum price threshold does not automatically trigger a clearly erroneous determination. It only means the transaction is eligible for review. A transaction must equal or exceed the minimum thresholds below:

Execution Price	Reference Value
• Prices up to \$25	10%
• \$25.01 to \$50	5%
• \$50.01 and over	3%

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- QUALITATIVE FACTORS

LevelL Markets may consider additional factors in determining whether a transaction is clearly erroneous. These may include, but are not limited to:

- The price of the security;
- News released for the security;
- Suspicious trading activity;
- System performance, including malfunctions or disruptions;
- Locked or crossed markets;
- Trading in the security was recently halted or resumed;
- Volume and volatility for the security;
- Primary market's opening quote or indications;
- Stock-split, reorganization or other corporate action;
- General volatility of market conditions; and
- Other factors and circumstances as the situation may warrant.

**The use of the LevelL ATS by Users constitutes acceptance of LevelL Markets' right to break or modify the terms of any trade.**

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### 3. Review Process

Transaction reviews may be instituted by LevelL Markets personnel or a User. Users should submit a review request by calling LevelL Markets' LevelL ATS Market Operations center at (800) 958-4813 or e-mailing LevelL ATS at [HelpDesk@levelats.com](mailto:HelpDesk@levelats.com). The e-mail should contain the following information:

- User's name;
- Time(s) of the trade(s);
- Security symbol(s);
- Price(s);
- Quantity;
- Contra-broker(s), if the transactions are not anonymous;
- Whether or not User was on the buy side or sell side of the trade;
- Reason review is being sought; and
- Requested resolution (break trade or adjust price).

If the requested resolution is to adjust the price of the trade, please include the requested adjusted price. An Authorized User or Manager in the User's firm is required to authorize the request. User understands and acknowledges that LevelL Markets may forward the contents of the e-mail, with the Users' names removed, to the contra parties to the trade. All e-mails will be retained by LevelL Markets and may be reviewed by regulatory authorities.

A User's request for review should be submitted immediately after the trade was executed on LevelL ATS. The User shall make a written request and provide supporting documentation, if any, to LevelL Markets (via facsimile or e-mail) within fifteen (15) minutes of execution of the disputed transaction. If a User submits a request for a review after fifteen (15) minutes, LevelL Markets may, in its sole discretion, reject User's request for review. Under no circumstances may a request to review a transaction be submitted by a User more than 30 minutes after the close of trading on LevelL ATS. Once a request is submitted, it may not be withdrawn without the consent of both parties to the trade.

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#### 4. Trade Review and Determination

When LevelL Markets initiates a trade review, it will attempt to notify all parties to the trade via e-mail and/or phone. If the trade(s) under review affect a large number of Users, LevelL Markets may instead issue a notice to all Users via email that a series of trades are under review.

A final determination generally will be made within one hour of a request being submitted. In all cases, LevelL Markets will make a final determination prior to the opening of the market of the trading day following the request. LevelL Markets (via the LevelL ATS Market Operations desk) will notify all parties to the trade via e-mail as soon as the final determination has been made.

Users failing to meet the minimum documentation requirements or failing to meet the minimum price deviation parameters are not eligible for review. LevelL Markets staff will notify the applicable User immediately of any deficiencies in the request so the User can revise and resubmit documentation, if possible.

LevelL Markets also reserves the right, in its sole discretion, to delete from the consolidated tape(s) any transaction, even if the parties do not agree to cancel or modify the terms of the transaction and/or to review transactions, outside the scope of this policy, if circumstances warrant such a review.