

**MEMO# 29517**

December 1, 2015

# **ICI Submits Letter to SEC Chair White in Response to August 24th Market Volatility**

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TO: ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 27-15  
ETF ADVISORY COMMITTEE No. 26-15  
EQUITY MARKETS ADVISORY COMMITTEE No. 25-15  
SEC RULES COMMITTEE No. 35-15 RE: ICI SUBMITS LETTER TO SEC CHAIR WHITE IN  
RESPONSE TO AUGUST 24TH MARKET VOLATILITY

On November 30, 2015, ICI submitted a letter to SEC Chair White that makes a number of recommendations in the aftermath of the August 24th market volatility. These include:

- (1) the need for exchanges to work together to develop a uniform, orderly mechanism for re-opening trading in a security after a limit up-limit down trading halt;
- (2) a consideration of whether the rules to prevent clearly erroneous trades interact appropriately with the limit up-limit down mechanism; and
- (3) the need for consistency across the different circuit breakers in place in related markets (e.g., equities and futures).

The letter also recommends that buy-side market participants receive a formal voice on the operating committee of the limit up-limit down plan.

The letter references an ICI Viewpoints article that describes in more detail the need for changes in the limit up-limit down process. Specifically, the article discusses the market volatility on August 24th and expresses concern that the different re-opening processes used by the different exchanges create uncertainty and confusion when the markets need clarity. The article further recommends that exchanges adopt a uniform method for handling orders after a trading halt and, to improve price discovery after a trading halt, that all orders should be routed to the primary market that is re-opening the halted security.

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[Attachment](#)

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