

**MEMO# 9771**

March 18, 1998

## **ICI SUBMITS LETTER ON PROPOSED CIRCUIT BREAKER RULE AMENDMENTS**

\* See Memorandum to Accounting/Treasurers Committee No. 14-98, Operations Committee No. 14-98, SEC Rules Committee No. 24-98, Transfer Agent Advisory Committee No. 15-98 and Equity Markets Task Force, dated March 10, 1998. [9771] March 18, 1998 TO: ACCOUNTING/TREASURERS MEMBERS No. 5-98 OPERATIONS COMMITTEE No. 18-98 SEC RULES COMMITTEE No. 26-98 TRANSFER AGENT ADVISORY COMMITTEE No. 19-98 EQUITY MARKETS TASKS FORCE RE: ICI SUBMITS LETTER ON PROPOSED CIRCUIT BREAKER RULE AMENDMENTS

\_\_\_\_\_ The Institute has submitted a comment letter on the proposed amendments to the New York Stock Exchange's (NYSE) circuit breaker rule, which would increase the trigger levels to 10, 20 and 30 percent declines of the Dow Jones Industrial Average (DJIA) and require that price indications be made during an intra-day halt for the stocks comprising the DJIA. The letter has been revised slightly from the draft previously circulated to you\* to incorporate members' comments. A copy of the Institute's letter is attached. The letter strongly supports increasing the triggers, but expresses concern about those aspects of the proposal that could result in a premature market close. The letter states, however, that the proposal to increase the triggers should greatly minimize the potential for an early close and, thus, largely addresses our concerns. The letter supports the proposed requirement that price indications be made during an intra-day halt but recommends that the requirement be expanded beyond the thirty stocks that comprise the DJIA to include stocks comprising the S&P 100 index or some other index that contains a number of the NYSE's most active, highly capitalized stocks. Amy B.R. Lancellotta Associate Counsel Attachment