

**MEMO# 9715**

February 26, 1998

## **NYSE PROPOSES AMENDMENTS TO CIRCUIT BREAKER RULES**

[9715] February 26, 1998 TO: ACCOUNTING/TREASURERS COMMITTEE No. 9-98  
OPERATIONS COMMITTEE No. 11-98 SEC RULES COMMITTEE No. 17-98 TRANSFER AGENT  
ADVISORY COMMITTEE No. 11-98 EQUITY MARKETS TASK FORCE RE: NYSE PROPOSES  
AMENDMENTS TO CIRCUIT BREAKER RULES

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The New York

Stock Exchange (NYSE) has proposed amendments to Exchange Rule 80B ("Trading Halts Due to Extraordinary Market Volatility"). The amendments are designed to address concerns that the current trigger levels of 350 point and 550 point declines of the Dow Jones Industrial Average (DJIA) are too low and unresponsive to dynamic market conditions. Set forth below is a summary of the proposed amendments. The SECGs release soliciting comments on the NYSE proposal is attached. Comments on the proposed amendments to Exchange Rule 80B are due to the SEC by March 16, 1998. Please provide your comments on the amendments for possible inclusion in an ICI comment letter to the undersigned by March 6, 1998. I can be reached at 202/326-5824, by fax at 202/326-5827 or by e-mail at amy@ici.org. Trigger Levels - The NYSE proposes to set the circuit breaker levels at declines of 10%, 20% and 30% of the DJIA, calculated at the beginning of each calendar quarter, using the average closing value of the DJIA for the prior month. Each trigger will be rounded to the nearest 50 points. Trading Halts - Under the NYSE's proposal, trading would be halted as follows: (1) a 10% decline would halt trading for one hour, except if it is reached at or after 2:00 p.m. but before 2:30 p.m., trading would halt for one-half hour, and if it is reached at or after 2:30 p.m., the market would continue trading; (2) a 20% decline would halt trading for two hours, except if it is reached after 1:00 p.m. but before 2:00 p.m., trading would halt for one hour, and if it is reached at or after 2:00 p.m., trading would halt for the rest of the day; and (3) a 30% decline at any time during the day would halt trading for the remainder of the day. Price Indications - The NYSE proposes to amend Rule 80B to require that price indications be made during an intra-day Rule 80B trading halt for the stocks comprising the DJIA. Specialists in these stocks will have the responsibility to disseminate the price indications. Amy B.R. Lancellotta Associate Counsel Attachment