

MEMO# 9749

March 10, 1998

DRAFT ICI LETTER ON PROPOSED CIRCUIT BREAKER RULE AMENDMENTS

* See Memorandum 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 and Equity Markets Task Force, dated February 26, 1998. [9749] March 10, 1998 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 EQUITY MARKETS TASK FORCE RE: DRAFT ICI LETTER ON PROPOSED CIRCUIT BREAKER RULE AMENDMENTS

_____ As we previously reported, the New York Stock Exchange has proposed amendments to its circuit breaker rule (Exchange Rule 80B) to increase the trigger levels to 10, 20 and 30 percent declines of the Dow Jones Industrial Average (DJIA) and to require that price indications be made during an intra-day halt for the stocks comprising the DJIA.* The Institute has drafted a comment letter on the proposed amendments to the circuit breaker rule, a copy of which is attached. The letter 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 increasing the triggers as proposed should greatly minimize the potential for an early close and, thus, is a significant step toward addressing our concerns. Finally, 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 NYSEs most active highly capitalized stocks. Comments are due to the SEC on the proposed amendments to the circuit breaker rule by Monday, March 16, 1998. Please provide me your comments on the draft letter by noon on Friday, March 13, 1998. I can be reached at 202/326-5824, by e-mail at amy@ici.org or by fax at 202/326-5827. Amy B.R. Lancellotta Associate Counsel Attachment