

MEMO# 7824

May 1, 1996

NYSE PROPOSAL TO AMEND ""CIRCUIT BREAKER"" PROCEDURES

1 Exchange Act Release No. 34-37145 (April 26, 1996). May 1, 1996 TO:
ACCOUNTING/TREASURERS COMMITTEE No. 14-96 SEC RULES COMMITTEE No. 29-96
EQUITY MARKETS TASK FORCE RE: NYSE PROPOSAL TO AMEND ""CIRCUIT BREAKER""
PROCEDURES

The Securities and Exchange Commission recently published the attached rule proposal by the New York Stock Exchange, Inc. to amend its "circuit breaker" procedures.¹ Comments on the proposal are due 21 days after its publication in the Federal Register. If there are any comments that you would like the Institute to include in a comment letter to the SEC on the proposal, please contact either the undersigned at 202/326-5923 or Greg Smith at 202/326-5851 by Tuesday, May 14th. The NYSE's current circuit breaker procedures require a one hour trading halt in the event that the Dow Jones Industrial Average declines by at least 250 points from the previous day's close and a two hour trading halt in the event of a decline of at least 400 points. The procedures currently provide that if the 250 trigger is reached between 3:00 p.m. and 3:30 p.m. the NYSE may use "abbreviated reopening procedures" either to permit trading to reopen before 4:00 p.m. or to establish closing prices. Similarly, if the 400 point trigger is reached between 2:00 p.m. and 3:00 p.m., the NYSE may use abbreviated reopening procedures. However, if the 250 point trigger is reached during the last half hour of trading or if the 400 point trigger is reached during the last hour of trading, the NYSE will not reopen on that day. The NYSE is proposing to shorten the mandatory trading halts to 30 minutes and 60 minutes, respectively. In addition, the NYSE is proposing to amend Exchange Rule 80B to provide that if the 250 point trigger is reached during the last half hour of trading, or if the 400 point trigger is reached during the last hour of trading, the NYSE may use abbreviated reopening procedures to establish new last sale prices. Such transactions may need to take place after 4:00 p.m. and the NYSE is proposing to amend Rule 51 to extend the trading session beyond the normal close to permit closing transactions. Neither the current rules nor the proposed amendments define the term "abbreviated reopening procedures." Alexander C. Gavis Assistant Counsel
Attachment