

**MEMO# 9448**

November 24, 1997

## **INSTITUTE RECOMMENDATION TO SEC ON CIRCUIT BREAKERS**

[9448] November 24, 1997 TO: BOARD OF GOVERNORS No. 64-97  
ACCOUNTING/TREASURERS COMMITTEE No. 46-97 OPERATIONS COMMITTEE No. 41-97 SEC  
RULES COMMITTEE No. 117-97 RE: INSTITUTE RECOMMENDATION TO SEC ON CIRCUIT  
BREAKERS \_\_\_\_\_ In

response to the October 27th market break, the Securities and Exchange Commission recently announced plans to review the circuit breaker rules. The Institute has sent a letter to SEC Chairman Arthur Levitt recommending that the circuit breakers not be triggered if the trading halt would extend beyond the normal market close (i.e., 4 p.m.). A copy of the letter is attached. The letter explains that this proposed change would: make it more likely that markets close in an orderly manner and minimize the potential for the circuit breakers to serve as a "magnet" for sell orders; avoid confusion on the part of mutual fund shareholders, who could rely on a 4 p.m. cut-off time for getting their purchase and redemption orders processed at that days price; and facilitate funds ability to price their portfolios in a timely manner. Craig S. Tyle General Counsel Attachment (in .pdf format)

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