

Regulatory Circular RG97-14

To: Members and Member Firms

From: Kerry Winters, Director Help Desk

Date: January 31, 1997

Re: Circuit Breaker Modifications

Recently, the Securities and Exchange Commission (SEC) approved amendments to CBOE Rule 6.3B, the CBOE's circuit breaker trading halt rule. The SEC also approved amendments to the circuit breaker trading halt rule of the New York Stock Exchange (NYSE). These amendments will become effective on **February 3, 1997**. The objective of the CBOE rule change is to conform the CBOE circuit breaker procedures to the primary market circuit breakers.

Specifically, Rule 6.3B now provides that the CBOE will halt trading in all securities whenever the NYSE initiates a circuit breaker trading halt. Under the new NYSE rules the following new circuit breaker trigger levels will be in effect on the NYSE. The 30 minute halt, previously triggered by a 250 point drop in the Dow Jones Industrial Average (DJIA), is now triggered by a **350 point drop**. The 400 DJIA point drop, that triggered the one hour halt, has been increased to a **550 point drop**. The SEC also approved corresponding changes to the circuit breaker trigger levels of the other securities markets.

Additionally, the Chicago Mercantile Exchange (CME) has expanded its price limits for the S&P 500 Futures Index in an effort to set them at levels approximately equivalent to the NYSE levels. These new CME levels are briefly summarized below.

OLD	NEW	DIRECTION
5	7	Up or Down
12	15	Down Only
20	30	Down Only
30	45	Down Only
50	70	Down Only
70	90	Down Only

In connection with these amendments, the CBOE will also be issuing an updated regulatory circular and pocket guide summarizing current inter-exchange procedures in volatile markets. In this regard, please note that the CBOE's existing regulatory circular (RG96-89) and pocket guide concerning inter-exchange procedures in volatile markets are no longer current. The CBOE will publish the updated regulatory circular in the Exchange's Regulatory Bulletin and will make copies of the updated pocket guide available to members once they have been printed.

Any questions concerning this circular may be directed to Kerry Winters at (312) 786-7100.