



U.S. Market Wide Circuit Breaker FAQ

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Scope of this FAQ

This FAQ is a high-level overview of what is anticipated to occur in the event of a Market-Wide Circuit Breaker (MWCB). It is not a definitive statement of what would in fact occur in these circumstances and items noted remain subject to change based on the facts and circumstances at the time of the event. Refer to applicable rules for additional details.

General Market-Wide Circuit Breaker Questions

Read frequently asked questions about market-wide circuit breakers.

What are the Market-Wide Circuit Breakers?

The U.S. equities, options, and futures exchanges have established procedures for coordinated cross-market trading halts in equity-related products in the event of a severe market price decline. These procedures, known as MWCBs, halt trading temporarily or, under extreme circumstances, close the markets before the normal close of the trading session. MWCBs are triggered by a single day decrease in the S&P 500 Index through one of three well-defined halt levels.

What are the circuit breaker thresholds and general halt durations?

The circuit breaker thresholds and general halt durations are as follows:

- Level 1 halt (7% decline in S&P 500 index)
 - Trading will halt for a minimum of 15 minutes if the drop occurs before 3:25 p.m. ET.
 - At or after 3:25 p.m. ET, no Level 1 halt will occur.
- Level 2 halt (13% decline in S&P 500 index)
 - Trading will halt for a minimum of 15 minutes if the drop occurs before 3:25 p.m. ET.
 - At or after 3:25 p.m. ET, no Level 2 halt will occur.
- Level 3 halt (20% decline in S&P 500 index)
 - At any time during the trading day, trading will halt for the remainder of the trading day.

① **NOTE:** Each halt level can only be triggered once per day. For example, if the S&P 500 Index declines 7% at 10:00 a.m. ET and triggers a Level 1 halt, there will be no additional Level 1 halts even if the Index crosses the 7% boundary later during the same trading day following the resumption of trading from the initial Level 1 halt.

Who triggers the MWCB?

The Securities Information Processors (SIPs) are responsible for monitoring the S&P 500 Index and triggering a MWCB halt. Messages will be published by the SIPs informing market participants of the event. The Primary Listing Exchanges are responsible for receiving the messages published by the SIPs and initiating individual halts in each of their listed securities.

MWCBs for Cboe U.S. Equities Exchanges

Read frequently asked questions about market-wide circuit breakers for Cboe U.S. Equities exchanges.

How will Cboe BZX Equities Exchange halt and re-open BZX-listed securities for a Level 1 or Level 2 MWCB?

Cboe BZX Exchange will halt each BZX-listed security immediately upon receipt of a Level 1 or Level 2 trigger message from the SIPs. Individual halt messages will be sent out to the SIP and proprietary market data feeds for each BZX-listed security.

A re-opening auction will be scheduled for each BZX-listed security on the BZX Exchange. A standard halt re-opening auction will be scheduled with a quote only period to begin at 10 minutes following the start of the MWCB. Trading will be scheduled to resume at 15 minutes following the start of the MWCB, but standard quote period extensions described in the [Cboe Titanium U.S. Equities Auction Process Specification](#) will apply.

How will the re-opening process differ for BZX-listed Single Stock ETPs?

BZX Equities Exchange listings on Single Stock ETPs will halt at the start of the MWCB with all other listed securities. However, Single Stock ETPs will wait for the underlying stock to re-open following the MWCB before beginning a halt re-opening auction.

For example, if Single Stock ETP ABCD is based on underlying security ABC, and security ABC resumes at MWCB time + 15 minutes, then security ABCD will start a quote only period at MWCB time + 15 minutes with a scheduled resumption time of MWCB time + 20 minutes.

How will Cboe Equities Exchanges halt and re-open securities not listed on a Cboe U.S. Equities Exchange?

Non-listed securities on a Cboe U.S. Equities Exchange will halt immediately upon receipt of any MWCB trigger message from the SIPs.

Cboe will wait for a resumption message sent by the primary listing market through the appropriate SIP to initiate the re-opening process for non-listed securities. Cboe performs a midpoint cross for all non-listed re-openings. Full details are available in the [Cboe Titanium U.S. Equities Opening Process Specification](#).

What will happen with open orders when a MWCB is triggered?

By default, open orders (except those marked as Post Only or those with a non-zero *MinQty*) will be queued and rolled into each halt re-opening process. However, Members may opt-in to instead have all orders (or just continuous book orders) cancelled on receipt of a halt on a session-by-session basis by submitting a logical port modification request to the Cboe Trade Desk.

Resting orders in non-listed symbols may be cancelled or modified at any time once the halt has been declared. New orders may also be entered immediately following a MWCB halt.

Resting orders in BZX-listed symbols may be cancelled at any time on BZX Exchange once the halt has been declared. Modifications for resting orders and new orders may only be submitted once the quote-only period has begun.

How will a Level 3 MWCB be handled?

Cboe U.S. Equities Exchanges will halt all securities, and no trading will occur for the remainder of the trading day upon receipt of a Level 3 MWCB trigger from the SIPs.

All closing auctions for Cboe listed securities will be cancelled, but Cboe BZX Exchange will disseminate closing prices for all listed symbols at 4:00 p.m. ET. The closing price of each listed symbol will be the Final Last Sale Eligible Trade.

Orders will be cancelled back to customers based on each Member's Cancel on Halt session settings or when those orders are normally scheduled to expire (e.g., DAY orders will cancel at the end of regular trading hours).

When will Cboe send resumptions for BZX-listed securities following a Level 3 MWCB?

All BZX-listed securities will be resumed with an appropriate Trading Status message sent to the SIPs between 3:55 a.m. ET and 3:59 a.m. ET on the next trading date. This will allow all BZX-listed securities to trade normally during the premarket trading session on the next trading day unless a security should remain halted for some other reason.

MWCBs for Cboe U.S. Options Exchanges

Read frequently asked questions about market-wide circuit breakers for Cboe U.S. Options exchanges.

How will Cboe Options Exchanges halt and re-open options for a Level 1 or Level 2 MWCB?

Cboe Options Exchanges will halt all options trading for all classes immediately upon receipt of a Level 1 or Level 2 trigger message from the SIPs. During the entirety of the halt period, new orders and cancels will be accepted for all symbols. Orders and quotes will enter a queued state and wait for re-openings to occur. Orders placed prior to the halt may be cancelled or persisted depending on the user's cancel on halt session-level settings.

What are the re-opening requirements for each options series that must be met for each series to resume trading?

Cboe Options Exchanges have defined the re-opening requirements in the [Cboe Titanium U.S. Options Opening Process Specification](#). In general, Cboe will wait for the following requirements to be met:

1. Opening trigger (e.g., a halt resumption message from the SIP for multi-list securities or time-based triggers for proprietary index options)
2. Maximum Composite Width Check to ensure options do not open when the Composite Market is too wide
3. Forced opening if the Maximum Composite Width Check is not satisfied but other criteria are met

Once these requirements are met, options series will open using the price-forming auction process described in the specification linked above.

How will Cboe Options Exchanges handle a Level 3 MWCB trigger?

Cboe Options Exchanges will halt all options trading upon receipt of a Level 3 MWCB trigger. Options trading will cease for the remainder of the trading day.

Cboe Options Exchange expects to re-open for GTH trading at the normally scheduled time for the next business date. For example, if a Level 3 MWCB is triggered on Tuesday, then Cboe expects to open GTH trading on Cboe Options Exchange at 8:15 p.m. ET on Tuesday evening with trading occurring for the Wednesday business date.

How does Cboe anticipate options expiration processing to be handled in the event of a MWCB Level 3 trigger?

Expiration processing is the responsibility of the OCC for all options listed on Cboe Options Exchanges. Cboe expects the OCC to follow the guidelines set forth in the [OCC Unscheduled Market Closing Guide](#).

Equity and ETF/ETN Options are expected to use the last sale price during regular trading hours on the most recent trading day for expiration processing.

Index Options settlement prices for cash settled index options shall be determined by an OCC panel that includes representatives of the applicable listing exchange(s). It is anticipated that the SOQ settlement price from the next trading day following the Level 3 MWCB event will typically be used for expiration processing for p.m.-settled index products.

MWCBs for Cboe Futures Exchange

Read frequently asked questions about market-wide circuit breakers for Cboe Futures Exchange.

How will Cboe Futures Exchange halt and re-open futures and related options on futures for a Level 1 or Level 2 MWCB?

The following table describes which Cboe Futures Exchange (CFE) products are subject to MWCB halts and the expected queuing and re-opening times for each product.

| Product | Subject to MWCB | Queueing Time | Re-Opening Time |
|---|-----------------|------------------|------------------------|
| VIX Futures, including VX, VXT, and Weekly VX Futures | Yes | MWCB + 5 minutes | MWCB time + 10 minutes |

| Product | Subject to MWCB | Queueing Time | Re-Opening Time |
|---|-----------------|--------------------------------|---|
| Cboe S&P 500 Variance Futures (VA) | Yes | MWCB + 5 minutes | MWCB time + 10 minutes |
| Options on VIX Futures (UX) | Yes | Immediately | MWCB time + 10 minutes |
| Cboe® iBoxx® iShares® Bond Index Futures (IBHY and IBIG) | Yes | MWCB + 15 minutes ¹ | MWCB time + 16 minutes ¹ |
| Options on IBIG and IBHY Futures (IBYO and IBGO) | Yes | Immediately | When underlying future re-opens for trading |
| Cboe® iBoxx \$ Emerging Market Bond Index Futures (IEMD) | Yes | MWCB + 10 minutes | MWCB time + 15 minutes |
| Cboe FTSE Bitcoin Index Futures (XBTF) | No | N/A | N/A |
| Financially-settled Margin Futures on Bitcoin (FBT) and Ether (FET) | No | N/A | N/A |

How will CFE handle new orders, modifications, and cancels during a MWCB halt?

During the MWCB halt period, new orders and modifications to existing orders will not be accepted until the queuing period begins. Cancel order messages will be accepted at any time.

1. IBHY and IBIG futures will start queuing when the associated HYG or LQD ETP resumes trading on the primary listing exchange. A delay in the resumption of either ETP on the primary listing exchange will result in a delay in the queueing time and re-opening time for associated IBHY or IBIG futures.

How will CFE handle a Level 3 MWCB trigger?

CFE will halt all CFE products subject to MWCB for the remainder of the trading day in the event of a Level 3 MWCB trigger.

CFE expects to re-open for ETH trading at the normally scheduled time for the next business date. For example, if a Level 3 MWCB is triggered on Tuesday, then CFE expects to open ETH trading on CFE at 5:00 p.m. CT on Tuesday evening with trading occurring for the Wednesday business date.

CFE retains the ability to halt or suspend trading in any CFE contract pursuant to any other CFE rule or policy other than the MWCB trading halt provisions at any time.

How will CFE handle daily settlement prices if a Level 3 MWCB trigger occurs?

For CFE futures products subject to MWCB, CFE expects to determine daily settlement prices by using the average of the bid and the offer from the last best two-sided market which simultaneously includes both a pending bid with a non-zero value and a pending offer with a non-zero value in the applicable contract during the business day prior to the early close of trading. If a two-sided market includes either no bid or no offer, the bid or offer is considered to have a zero value and that two-sided market would not be used for this purpose.

For CFE options on futures products subject to MWCB, CFE expects to determine daily settlement prices by using the theoretical option price for the applicable options on futures contract. Underlying price information in the theoretical price calculation will be as of the time of the unscheduled early close of trading since the underlying futures products will not be trading on that trading day after that time. Other inputs in the theoretical price calculation such as interest rate information may have updates to it following that time up until 3:00 p.m. CT which would be reflected in the calculation, and the time to expiration input in the calculation would be as of 3:00 p.m. CT consistent with the time with respect to which the daily settlement prices for options on futures are calculated each trading day. CFE also retains the ability to establish a different daily settlement price that it deems to be a fair and reasonable reflection of the market if CFE determines in its sole discretion that the daily settlement price determined by the parameters described above is not a fair and reasonable reflection of the market.

How does CFE anticipate that final settlement values and exercise settlement values will be handled in the event of a MWCB Level 3 trigger?

This will depend upon the applicable product and the facts and circumstances, including factors such as whether the MWCB halt occurs on a final settlement date and whether the product has a.m. or p.m. settlement. For example, VX and VXM futures have a.m. settlement and would not be impacted if an MWCB Level 3 halt occurs on the final settlement date of VX and VXM futures contracts and the final settlement value is determined before the MWCB Level 3 halt. The contract specifications and rule chapter for each CFE product include information about how a final settlement value or exercise settlement value is determined for that product if the value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance.