



SIFMA Policy on Unscheduled Changes in Trading Hours

SIFMA's Fixed Income Market Response Committee (FI Committee) and Equity Market Response Committee (Equity Committee) have adopted a policy change with respect to unscheduled market closures and the procedures for determining any changes to market hours. The Committees have developed principles and objective decision-making processes that recognize the significant improvements the industry has made with respect to business continuity and the expectations of regulators. These principles also reflect expectations for strong resiliency plans of critical financial market infrastructure and financial institutions.

General

Market participants should not expect alterations in trading hours if the critical market infrastructures continue to operate either through their primary locations or pursuant to their business continuity arrangements. In addition, market participants should not expect alterations in trading hours solely because of weather events.

Convening the market response committees to consider market changes is an extraordinary event. SIFMA recognizes and assumes that market participants and critical market infrastructure providers (including Fedwire, FICC, DTCC, exchanges, clearing entities) have the necessary capabilities/procedures to operate, either through access to secondary sites or otherwise, during events that in the past may have necessitated market closures (including, but not limited to, severe weather events in the NYC area) or changes to market hours.

Fixed Income Principles

The FI Committee has agreed the following set of principles:

Fedwire is the Key Driver of Market Close Recommendations: If Fedwire is operational SIFMA will not recommend a fixed income market close¹ and would not expect to convene the FI Committee.² If Fedwire is not operational because of an unscheduled disruption, the FI

¹ SIFMA recommendations address trading of U.S. dollar-denominated government securities, mortgage- and asset-backed securities, over-the-counter investment-grade and high-yield corporate bonds, municipal bonds and secondary money market trading in bankers' acceptances, commercial paper and Yankee and Euro certificates of deposit.

² Please note the following two exceptions to this general rule:
National Day of Mourning: Notwithstanding that Fedwire is open on a National Day of Mourning, SIFMA will recommend that fixed income markets be closed. This is consistent with past practice. SIFMA would recommend that primary dealers provide sufficient staffing to accommodate operations of the Federal Reserve Bank of New York (NY Fed). At the FI Committee's discretion, a recommended early close, (...continued)

Committee will convene to determine an unscheduled close recommendation. Any recommendation will be communicated through normal SIFMA channels (press release, web posting, announcements to members).

Unscheduled Closing is Extraordinary: Absent extraordinary circumstances (i.e., unscheduled closing of Fedwire), the U.S. fixed income markets should remain open. Market participants and critical infrastructure providers are expected to be able to fail over to secondary (and in some cases, tertiary) sites and thus unscheduled closings will be unnecessary. **Market participants should develop appropriate fail over capabilities to support market functioning.**

Resumption Recommendation: If there is an extraordinary market close recommendation in connection with an unscheduled close of Fedwire, the FI Committee will recommend resumption of trading as soon as practicable after a reopening of Fedwire. Such a recommendation will consider the time of day, expectations of market participants, coordination with other parts of the market (e.g., futures). The FI Committee will ensure that key stakeholders and infrastructure providers are positioned for a smooth and continuing resumption of market activity.

Impact of Disruptions of Other Fixed Income Market Infrastructure: If Fedwire is operational, but other key fixed income market infrastructure (i.e., FICC or Clearing Banks) is impacted, the FI Committee may meet to make recommendations for changes to settlement conventions and other post trade issues while the fixed income markets remain open.

Impacts on Global Fixed Income Markets: The FI Committee will always consider the effects that unscheduled market closure/adjustments to settlement could have on the global fixed income cash markets, securities financing markets and securities lending markets and not only the effects to a specific geographic region.

instead of a recommended close, may be appropriate if the National Day of Mourning occurs on the Friday preceding or the Tuesday succeeding a three-day weekend.

Good Friday: Notwithstanding that Fedwire is open on Good Friday, SIFMA will usually recommend that fixed income markets be closed. Consistent with past practice, SIFMA would recommend that primary dealers provide sufficient staffing to accommodate NY Fed operations. If Good Friday occurs on the day the Employment Report is published, SIFMA will usually recommend an early close of FI markets (usually a noon recommended close).

Equity Markets Principles:

Guiding Principles:

- **Absent extraordinary circumstances the U.S. equity markets should remain open.** Any market response decision should be made with a bias toward keeping the equity markets open.
- **SIFMA's Equity Committee acts as a convening body.** The committee may provide recommendations, but the equities exchanges have the ultimate authority to decide whether to open or close.

Market Incident/Event: The process will be initiated in response to a significant event, which may be either internal or external to the markets.

- *Event Scope:* Any event that may/has (1) resulted in widespread systemic disruption to critical market systems, and/or (2) impeded the ability of the equity markets to operate with integrity.
- *Additional Considerations:* In certain circumstances, the Equity Committee will convene immediately, for example an act of war or cyber attack.