



October 25, 2011

Via Electronic Mail: rule-comments@sec.gov

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**Re: Managed Funds Association Comments on Self-Regulatory
Organization Proposals to Implement Market-Wide Circuit Breakers**

Dear Ms. Murphy:

Managed Funds Association (“MFA”)¹ appreciates the opportunity to provide comments to the Securities and Exchange Commission (the “SEC”) on the proposed rulemakings by the Financial Industry Regulatory Authority, Inc. and other self-regulatory organizations (together, the “SROs”) to impose trading halts when market-wide circuit breakers have been triggered. As we stated in our April 15, 2011 letter to the Joint Commodity Futures Trading Commission-SEC Advisory Committee on Emerging Regulatory Issues, we are generally supportive of the proposed changes to the SROs’ rules regarding market-wide circuit breakers.²

We believe the proposed changes will create symmetry in the treatment of securities during uncertain times. Accordingly, we encourage the SEC and the SROs to adopt as proposed changes that would:

¹ MFA is the voice of the global alternative investment industry. Its members are professionals in hedge funds, funds of funds and managed futures funds, as well as industry service providers. Established in 1991, MFA is the primary source of information for policy makers and the media and the leading advocate for sound business practices and industry growth. MFA members include the vast majority of the largest hedge fund groups in the world who manage a substantial portion of the approximately \$2.0 trillion invested in absolute return strategies. MFA is headquartered in Washington, D.C., with an office in New York.

² See MFA letter, available at:
<http://www.managedfunds.org/downloads/MFA%20%20Jt%20Adv%20Comm%20Recom%20final%20%2015%2011.pdf>.

- Replace the Dow Jones Industrial Average with the S&P 500 Index as the benchmark index for triggering market-wide circuit breakers;
- Amend the percentage declines that would trigger trading halts to 7% for Level 1 Declines, 13% for Level 2 Declines, and 20% for Level 3 Declines, from 10%, 20%, and 30%, respectively; and
- Provide for 15-minute trading halts when a Level 1 or Level 2 Decline occurs after 9:30 a.m. up to 3:25 p.m. and provide for a trading halt for the remainder of the day for a Level 3 Decline.

We encourage the SROs to amend one provision relating to trading halts that occur after 3:25 p.m. Under the proposed rules, a Level 3 Decline that occurs at any time during the day will trigger a trading halt until the primary listing market opens the next trading day. Under the proposed rules, a Level 2 Decline that occurs between 9:30 a.m. and 3:25 p.m. will trigger a 15-minute trading halt; however, a Level 2 Decline that occurs after 3:25 p.m. will not trigger any trading halt. We encourage the SROs to amend the proposed rules to provide that a Level 2 Decline that occurs after 3:25 p.m. will trigger a trading halt until the primary listing market opens the next trading day. We believe that imposing a trading halt for a Level 2 Decline that occurs after 3:25 p.m. will better accomplish the goal of promoting stability during periods of significant market uncertainty.

Ms. Murphy
October 25, 2011
Page 3 of 3

Conclusion

MFA appreciates the opportunity to comment on the SROs' coordinated rulemaking to implement market-wide circuit breakers. We are generally supportive of the proposed rules and encourage the SEC and the SROs to adopt the proposed rules with one modification that would establish a trading halt for Level 2 Declines that occur after 3:25 p.m. If you have any questions regarding any of these comments, or if we can provide further information with respect to these issues, please do not hesitate to contact Stuart J. Kaswell or me at (202) 730-2600.

Respectfully submitted,

/s/ Richard H. Baker

Richard H. Baker
President and CEO