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## Wall Street Is Preparing Contingency Plans for a Gulf War

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Wall Street is preparing for war. From the largest securities and futures exchanges to brokerage firms and mutual funds, new rules are being put in place and old systems are being checked as some of the nation's most important institutions ready themselves for an outbreak of hostilities in the Middle East.

The moves include expanding emergency powers of exchange officials, changing some trading rules and beefing up security, all intended to protect the nation's financial system from any huge surge in volume as the Jan. 15 deadline for Iraq to withdraw from Kuwait approaches.

The most extensive changes are being undertaken by the nation's financial exchanges. Some have assembled manuals, changing a number of rules and regulations. Others, particularly the large exchanges like the New York Stock Exchange, are checking procedures put in place after the crash of 1987 to help handle any war emergency. New Trading Rules

Some changes are broad. At the New York Mercantile Exchange, where energy-related contracts are traded, a "Nymex Preparedness Manual" has been circulated among top officials. It describes new trading rules to deal specifically with the situation in the Middle East. The Nymex is likely to be affected most in any Middle East conflict because of its oil contracts.

The new rules place price limits for the first time on the amount that oil contracts can rise or fall in a single trading session for the first two months of the contract. The limit is \$7.50 for crude oil contracts. Once the contracts rise or fall that much, trading is halted for an hour. When trading is resumed, a second price limit of \$7.50 will apply to various contracts.

"It was our job and our task to display that we are prepared to handle an emergency," said Z. Lou Guttman, the chairman of the exchange.

Other futures exchanges, including the Chicago Mercantile Exchange, have adopted more modest rules. The exchange recently adjusted its rule for emergencies that would give its president, William Brodsky, the authority to close the Merc if the New York Stock Exchange closed. The exchange has also recently tightened its "circuit breakers," which would be set off if prices moved past a certain level. The daily limits are now 20 points up or down on the Standard & Poor's 500 index, compared with a 30-point limit at the beginning of December. Talks Held With Regulators

Indeed, all of the futures exchanges, as well as the national stock markets, have begun reviewing their procedures, financial conditions and methods for closing with their respective Federal regulators. "There have been some recent discussions between the exchanges and regulators about emergency closing procedures," a spokesman for the Chicago Merc said.

In a recent letter to the futures exchanges from Andrea Corcoran, the head of the division of markets and trading with the Commodity Futures Trading Commission, a number of recommendations for preparedness were made.

"We are all concerned with issues related to the situation in the Middle East which may have potential implications for the financial stability of our markets," Ms. Corcoran wrote. "Although the future course of events is highly uncertain, appropriate preparations, especially where there are outstanding ultimatums with known termination dates, could make the critical difference in how the markets might fare in any consequent period of readjustment."

In her letter, Ms. Corcoran said the exchanges should undertake "what-if" analyses, in which the financial impact of various actions in the Gulf would be examined. She wrote that such analyses would help the exchanges in determining which member firms "should be reviewed most closely or required to make special arrangements, such as increasing capital or margins or reducing position concentrations."

Similar what-if analyses are also taking place at the nation's largest stock exchanges, in consultation with the Securities and Exchange Commission. Exchange officials said the S.E.C. has been in close contact with them, checking on emergency procedures and providing advice.

At the American Exchange, which has had a number of conversations with the S.E.C. about the issue, officials are preparing to monitor more closely all aspects of the exchange's operations in the event of war. The exchange is also examining how to handle trading halts and order backlogs, and is checking the procedures for communicating what is happening to traders on the floor.

A final preparedness plan is expected to be completed by Friday, when the issue will be discussed among members of the exchange's executive policy council.

Officials at the New York Stock Exchange are also discussing ways to prepare for war, relying mostly on the rules and computer systems that have been put in place since the market crash of 1987. "Obviously, it is something that people are talking about," said Sharon Gamsin, a spokeswoman for the Big Board. "But since October 1987, we have put in place circuit breakers that are designed to deal with volatile markets. We also have in place the authority to take additional actions if deemed necessary." Such actions could include closing the exchange.

The National Association of Securities Dealers, which oversees Nasdaq, has been testing its own procedures to insure it is prepared. "As you get closer to the event, you go back and make sure that you have tested your procedures, and people are alert to this possibility," said Joseph Hardiman, the president of the N.A.S.D.