Circuit breakers as market stability levers: A survey of research, issues, and challenges

Abstract

Circuit breakers have been recently recognized as a key strategy for financial market stability. They are employed by regulators to prevent market instability during extreme market conditions. This paper surveys current literature on circuit breakers and their role in market stability. It identifies key issues and challenges in the design and implementation of circuit breakers, and provides recommendations for future research. The study concludes that circuit breakers can be an effective tool for enhancing market stability, but their effectiveness depends on careful design and implementation. The paper also highlights the need for more research on the behavioral and psychological aspects of market instability during extreme events.

Author Keywords

Circuit breakers, market stability, regulatory interventions, extreme market events.