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Section 1.2: **Contract Terms and Conditions of CBOT® Dow Jones Composite Average<sup>SM</sup> Index<sup>8</sup> Futures**

**Trading Conditions**

XX01.00 **Authority** — (See Regulation 1701.00.)

XX02.01 **Application of Regulation** — Futures transactions in CBOT® Dow Jones Composite Average<sup>SM</sup> Index contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter, which are exclusively applicable to trading in CBOT® Dow Jones Composite Average<sup>SM</sup> Index contracts.

For the purposes of this chapter, the trading day begins with the commencement of trading on Project A at 3:30 p.m. Chicago time and ends with the close of trading of regular daytime trading session for the CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures.

XX03.01 **Emergencies, Acts of God, Acts of Government** — If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the Chairman. If the Chairman determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 180.00 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract.

XX04.01 **Unit of Trading** — The unit of trading shall be \$20.00 times the Dow Jones Composite Average<sup>SM</sup> Index. The Dow Jones Composite Average<sup>SM</sup> Index is a market capitalization-weighted index consisting of 65 blue-chip stocks.

XX05.01 **Months Traded In** — The months listed for trading are March, June, September and December, at the discretion of the Exchange.

XX06.01 **Price Basis** — The price of the CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures shall be quoted in points and ½ points. One point equals \$20.00 and one-half of one point equals \$10.00. The minimum price fluctuation shall be one-half of one point per contract. Contracts shall not be made on any other price basis.

<sup>8</sup> "Dow Jones", "Dow Jones Composite Average" and "DJCA" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Board of Trade of the City of Chicago (CBOT®). The CBOT's futures and futures options contracts based on the Dow Jones Composite Average are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of trading in such product(s).

**XX07.01 Hours of Trading** — The hours of trading for future delivery in CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures shall be determined by the Board.

The market shall be opened and closed for all months simultaneously, or in such other manner as the Regulatory Compliance Committee shall direct.

**XX08.01 Price Limits and Trading Halts** — (See Regulation 1008.01.)

**XX09.01 Last Day of Trading** — The last day of trading in CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contracts deliverable in the current delivery month shall be the trading day immediately preceding the final settlement day (as described in Regulation XX42.03).

**XX09.02 Liquidation During the Delivery Month** — After trading in contracts for future delivery in the current delivery month has ceased, in accordance with Regulation XX09.01 of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Regulation XX42.01.

**XX10.01 Margin Requirements** — (See Regulation 431.03.)

**XX12.01 Position Limits and Reportable Positions** — (See Regulation 425.01.)

### **Delivery Procedures**

**XX36.01 Standards** — The contract grade shall be the final settlement price (as described in Regulation XX42.02) of the Dow Jones Composite Average<sup>SM</sup> Index on final settlement day (as described in Regulation XX42.03).

**XX42.01 Delivery on Futures Contracts** — Delivery against the CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract must be made through the Clearing Corporation. Delivery under these regulations shall be on the final settlement day (as described in regulation XX42.03) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in a CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract at the time of termination of trading shall make payment to and receive payment through the Clearing Corporation in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Regulation XX42.02).

**XX42.02 Final Settlement Price** — The final settlement price shall be determined on the final settlement day. The final settlement price shall be \$20 times a Special Open Quotation (SOQ) of the Dow Jones Composite Average<sup>SM</sup> Index based on the opening prices of the component stocks in the index, or on the last sale price of a

stock that does not open for trading on the regularly scheduled day of final settlement (as described in Regulation XX42.03).

If the designated primary market for a component stock does not open on the day scheduled for the determination of the final settlement price, then the final settlement price shall be based on the next opening price for the component stock.

If a component stock does not trade on the day scheduled for determination of the final settlement price while the primary market for the stock is open for trading, the last sale price of the stock will be used to calculate the final settlement price.

**XX42.03**     **The Final Settlement Day** — The final settlement day shall be defined as the third Friday of the contract month, or if the Dow Jones Composite Average<sup>SM</sup> is not scheduled to be published for that day, the first preceding business day for which the Dow Jones Composite Average<sup>SM</sup> is scheduled to be published.

**XX47.01**     **Payment** — (See Regulation 1049.04.)

CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to the owners of CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts or any member of the public regarding the advisability of trading in CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts. Dow Jones' only relationship to the Exchange is the licensing of certain trademarks and trade names of Dow Jones and of the Dow Jones Composite Average<sup>SM</sup> which is determined, composed and calculated by Dow Jones without regard to the Chicago Board of Trade or CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts, Dow Jones has no obligation to take the needs of the Chicago Board of Trade or the owners of CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts into consideration in determining, composing or calculating the Dow Jones Composite Average<sup>SM</sup>. Dow Jones is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts to be listed or in the determination or calculation of the equation by which CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts are to be converted into cash. Dow Jones has no obligation or liability in connection with the administration, marketing or trading of CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts.

DOW JONES DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES COMPOSITE AVERAGE<sup>SM</sup> OR ANY DATA INCLUDED THEREIN AND DOW JONES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. DOW JONES MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE CHICAGO BOARD OF TRADE, OWNERS OF CBOT® DOW JONES COMPOSITE AVERAGE<sup>SM</sup> INDEX FUTURES AND FUTURES OPTIONS CONTRACTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES COMPOSITE AVERAGE<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. DOW JONES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES COMPOSITE AVERAGE<sup>SM</sup> OR ANY DATA INCLUDED THEREIN, WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN DOW JONES AND THE CHICAGO BOARD OF TRADE.

**Section 2.1: Contract Terms and Conditions of CBOT® Dow Jones Composite Average<sup>SM</sup> Index<sup>9</sup> Futures Options**

**Trading Conditions**

**XX01.00 Authority** — (See Rule 2801.00.)

**XX01.01 Application of Regulations** — Transactions in put and call options on CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contracts shall be subject to the general rules of the Association as far as applicable and shall also be subject to the regulations contained in this chapter which are exclusively applicable to trading in put and call options on CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contracts. (See Rule 490.00.)

For the purposes of this chapter, the trading day begins with the commencement of trading on Project A at 3:30 p.m. Chicago time and ends with the close of trading of regular daytime trading session for the CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures options.

**XX02.01 Nature of CBOT® Dow Jones Composite Average<sup>SM</sup> Index Futures Put Options** — The buyer of one (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures put option may exercise his option at any time prior to expiration (subject to Regulation XX07.01) to assume a short position in one (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures put option incurs the obligation of assuming a long position in one (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer.

**XX02.02 Nature of CBOT® Dow Jones Composite Average<sup>SM</sup> Index Futures Call Options** — The buyer of one (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures call option may exercise his option at any time prior to expiration (subject to Regulation XX07.01) to assume a long position in one (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures call option incurs the obligation of assuming a short position in one (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer.

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<sup>9</sup> "Dow Jones", "Dow Jones Composite Average" and "DJCA" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Board of Trade of the City of Chicago (CBOT®). The CBOT's futures and futures options contracts based on the Dow Jones Composite Average are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of trading in such product(s).

**XX03.01 Trading Unit** — One (1) CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract of a specified contract month on the Chicago Board of Trade.

**XX04.01 Striking Prices** — Trading shall be conducted for put and call options with striking prices in integral multiples of fifty (50) index points per CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract and in integral multiples of one hundred (100) index points per CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract as follows:

- A.) At the commencement of trading for quarterly and non-quarterly expirations, the following strike prices in fifty point intervals shall be listed: one with a striking price closest to the previous day's settlement price on the underlying CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract, and the next twenty consecutive higher and the next twenty consecutive lower striking prices closest to the previous day's settlement price. If the previous day's settlement price is midway between two striking prices, the closest price shall be the larger of the two. Over time new striking prices will be added to ensure that at least twenty 50 point striking prices always exist above and below the previous day's trading range in the underlying futures.
- B.) At the commencement of trading for quarterly and non-quarterly expirations, the following strike prices in one hundred point intervals shall be listed: the next ten consecutive higher and the next ten consecutive lower strike prices above and below the strike price band as stipulated in Regulation XX04.01(A). Over time new strike prices will be added to ensure that at least ten 100 point strikes exist above and below the previous day's settlement price.
- C.) All new strike prices will be added prior to the opening of trading on the following business day. The Exchange may modify the procedure for the introduction of striking prices as it deems appropriate in order to respond to market conditions.

**XX05.01 Payment of Option Premium** — The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

**XX06.01 Option Premium Basis** — The premium for CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures options shall be in multiples of one-quarter (1/4) of one index point of a CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contract, which shall equal \$5.00.

However, when both sides of the trade are closing transactions, the option premium may range from \$1.00 to \$5.00 in \$1.00 increments per option contract.

**XX07.01 Exercise of Option** — The buyer of a CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing Corporation by 6:00 p.m. on such day.

**XX07.02 Automatic Exercise** — Notwithstanding the provisions of Regulation XX07.01, for options with quarterly expirations, all in-the-money<sup>10</sup> options shall be automatically exercised after 6:00 p.m. on the business day following the last day of trading, unless notice to cancel automatic exercise is given to the Clearing Corporation. Notwithstanding the provisions of Regulation XX07.01, for options with non-quarterly expirations, all in-the-money options shall be automatically exercised after 6:00 p.m. on the last day of trading, unless notice to cancel automatic exercise is given to the Clearing Corporation.

For options with quarterly expirations, notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m. on the business day following the last day of trading. For options with non-quarterly expirations, notice to cancel automatic exercise shall be given to the Clearing Corporation by 6:00 p.m. on the last day of trading.

**XX08.01 Expiration of Option** — Unexercised CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures options shall expire at 7:00 p.m. on the business day following the last day of trading.

**XX09.01 Months Traded In** — Trading may be conducted in CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures options for a thirty-six month period extending from the nearby contract month, provided however, that the Exchange may determine not to list a contract month. For options that are traded in months in which CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures are not traded, the underlying futures contract is the next futures contract that is nearest to the expiration of the option. For example, the underlying futures contract for the October or November option contract is the December futures contract.

**XX10.01 Trading Hours** — The hours of trading of options on CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures contracts shall be determined by the Board. On the last day of trading in an expiring option the closing time for such option shall be the same as the underlying futures contract, subject to the provisions of the second paragraph of Rule 1007.00. On the last day of trading in an expiring option, the expiring CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures options shall be closed with a public call, made strike price by strike price, conducted by such persons as the Regulatory Compliance Committee shall direct.

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<sup>10</sup> An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price for the option.

CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Regulatory Compliance Committee shall direct.

**XX11.01 Position Limits and Reportable Positions** — (See Regulation 495.01.)

**XX12.01 Margin Requirements** — (See Regulation 431.05.)

**XX13.01 Last Day of Trading** — For options expiring on the quarterly cycle, trading shall terminate at the same date and time as the underlying futures contract. For options that expire in months other than those in the quarterly cycle, options trading shall terminate on the third Friday of the option contract month, at the end of the regular trading session. If that day is not an Exchange business day, options trading shall terminate on the first preceding business day.

**XX14.01 Option Premium Fluctuation Limits** — Option premium limits for the CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures options shall correspond to the daily trading limit in effect at that time for the underlying futures contract as specified in Regulation 1008.01F. There shall be no trading in any option contract during a period in which trading in the underlying future is halted as specified in Regulation 1008.01F. On the first day of trading, limits shall be set from the lowest premium of the opening range.

**XX15.01 Disclaimer**

CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to the owners of CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts or any member of the public regarding the advisability of trading in CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts. Dow Jones' only relationship to the Exchange is the licensing of certain trademarks and trade names of Dow Jones and of the Dow Jones Composite Average<sup>SM</sup> which is determined, composed and calculated by Dow Jones without regard to the Chicago Board of Trade or CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts, Dow Jones has no obligation to take the needs of the Chicago Board of Trade or the owners of CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts into consideration in determining, composing or calculating the Dow Jones Composite Average<sup>SM</sup>. Dow Jones is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts to be listed or in the determination or calculation of the equation by which CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts are to be converted into cash. Dow Jones has no obligation or liability in

connection with the administration, marketing or trading of CBOT® Dow Jones Composite Average<sup>SM</sup> Index futures and futures options contracts.

DOW JONES DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES COMPOSITE AVERAGE<sup>SM</sup> OR ANY DATA INCLUDED THEREIN AND DOW JONES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. DOW JONES MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE CHICAGO BOARD OF TRADE, OWNERS OF CBOT® DOW JONES COMPOSITE AVERAGE<sup>SM</sup> INDEX FUTURES AND FUTURES OPTIONS CONTRACTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES COMPOSITE AVERAGE<sup>SM</sup> OR ANY DATA INCLUDED THEREIN. DOW JONES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES COMPOSITE AVERAGE<sup>SM</sup> OR ANY DATA INCLUDED THEREIN, WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN DOW JONES AND THE CHICAGO BOARD OF TRADE.

**Appendix I:**

**CBOT Regulation 425.01 — Position Limits and Reportable Positions in Futures**

Additions are underlined; deletions are [bracketed].

- (a) Except as provided in Regulations 425.03 and 425.04, the maximum net long or net short positions which any person may own, control, except as provided in Regulation 425.05, or carry are as follows:

(Note: Position limits and reportable positions are in number of contracts.)

Contract	Spot Month Limit Effective at Start of Trading on First Business Day Prior to the First Trading Day of the Spot Month	Position Limit Net Long or Net Short In Any One Month Other than the Spot Month	Position Limit Net Long or Net Short in All Months Combined	Reportable Position in Any One Month
<b><u>CBOT® Dow Jones Composite Average<sup>SM</sup> Index</u></b>	<u>None</u>	<u>None</u>	<u>70,000</u>	<u>25</u>
CBOT® Dow Jones Industrial Average <sup>SM</sup> Index	None	None	50,000	25
1,000-Ounce Silver	5,000 (see #1)	None	20,000 (see #1)	500
5,000-Ounce Silver	1,000 (see #1)	None	4,000 (see #1)	100
Kilo Gold	6,000 (see #2)	None	12,000 (see #2)	200
100-Ounce Gold	2,000 (see #2)	None	4,000 (see #2)	200
U.S. Treasury Bonds	None	None	None	500
U.S. Treasury Notes (5 -Year)	None	None	None	300
U.S. Treasury Notes (10-Year)	None	None	None	500
U.S. Treasury Notes (2-Year)	5,000	None	5,000	200
Inflation-Indexed U.S. Treasury Bonds	2,000	None	5,000	25
Long-Term Inflation-Indexed U.S.	2,000	None	5,000	25

Treasury Notes				
Medium-Term Inflation-Indexed U.S. Treasury Notes	2,000	None	5,000	25
30-Day Fed Fund	None	None	None	100
Long-Term Municipal Bond Index	None	None	5,000	100
Corn	600	3,400 (see #3)	6,000 (see #3)	150
Soybeans	600	2,400 (see #3)	4,300 (see #3)	100
Wheat	600 (see #7)	2,100 (see #3)	3,200 (see #3)	100
Oats	600	900 (see #3)	1,200 (see #3)	60
Rough Rice	250 (see #4)	500	750	50
Soybean Oil	540	2,000 (see #3)	3,100 (see #3)	175
Soybean Meal	720	2,200 (see #3)	3,400 (see #3)	175
Corn Yield Insurance (see #5)	1,000	1,000	1,000	25
ComEd™ Hub Electricity (see #6)	150	3,500	5,000	25
TVA Hub Electricity (see #6)	150	3,500	5,000	25

- #1 See subsection (g) for an explanation of adjusted limits for persons owning or controlling joint positions in 1,000 oz. Silver and 5,000 oz. Silver contracts.
- #2 See subsection (h) for an explanation of adjusted limits for persons owning or controlling joint positions in Kilo Gold and 100 oz. Gold contracts.
- #3 Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, do not exceed the all months combined limit. In addition, Regulation 495.01 allows for additional futures contracts to be held as part of futures/options spreads provided that such positions are held outside of the spot month.
- #4 On and after the first notice day of the expiring futures month of July, the limit for the July futures month will be reduced to 200 contracts, for both hedging and speculative positions.
- #5 Specifications apply separately to each of the following Corn Yield Insurance contracts: Iowa, Illinois, Indiana, Nebraska, Ohio, U.S.
- #6 Spot month limits commence on the close of business on the day preceding the last trading day.
- #7 In the last five trading days of the expiring future month, the speculative position limit for the March futures month will be 350 contracts and for the May futures month the limit will be 220 contracts (effective March 2000 forward).

Except for the interest of a limited partner or shareholder (other than the commodity pool operator) in a commodity pool, ownership, including a 10% or more financial ownership interest, shall constitute control over an account except as provided in Regulation 425.05.

The maximum positions which any person, as defined in Regulation 425.01 (b), may own or control shall be as set forth herein. However, with respect to the maximum positions which a member firm may carry for its customers, it shall not be a violation of the limits set forth herein to carry customer positions in excess of such limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions or file the appropriate hedge or exemption statements for the customer accounts in question in accordance with Regulations 425.03 and 425.04. For the purposes of this regulation, a "reasonable period of time" shall generally not exceed one business day for those positions that are not subject to the provisions of Regulations 425.03 and 425.04.

Note: The Commodity Futures Trading Commission has imposed speculative position limits on Corn, Oats, Soybean, Wheat, Soybean Oil and Soybean Meal futures contracts as provided in Part 150 of CFTC Regulations.

- (b) The term "net" shall mean the long or short position held after offsetting long futures positions against short futures positions. The word "person" shall include individuals, associations, partnerships, limited liability companies, corporations and trusts.
- (c) The foregoing limit on positions shall not apply to bona fide hedging positions which meet the requirements of Regulations 425.02 and 425.03, nor to positions subject to particular limits granted pursuant to Regulation 425.04.
- (d) The Board, or a Committee authorized by the Board may direct any member or registered eligible business organization owning, controlling or carrying a position for a person whose total position as defined in subsection (e) below exceeds the position limits as set forth in subsection (a) above or as specifically determined pursuant to Regulations 425.03 or 425.04 to liquidate or otherwise reduce the position.
- (e) In determining whether any person has exceeded the position limits specified in subsection (a) of this Regulation or those limits determined pursuant to Regulations 425.03 or 425.04, or whether a position is a reportable position as set forth in subsections (a) and (f) herein, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly controls trading, except as provided in Regulation 425.05, shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.
- (f) If a person owns, controls or carries a position equal to or greater than the number of contracts specified in subsection (a) above long or short in any one month, then all such futures and options on such futures contract owned, controlled or carried by that person, whether above the given level or not, shall necessarily be deemed reportable positions.

Every member or registered eligible business organization shall report each and every reportable position to the Office of Investigations and Audits at such times and in such form and manner as shall be prescribed by the Business Conduct Committee.

- (1) On or before the first day on which any position must be reported as provided above, the member or registered eligible business organization carrying the position must furnish to the Office of Investigations and Audits a report, in the form, manner and content prescribed by the Business Conduct Committee, identifying the owner of the account for which the position must be reported and all persons associated with the account as described in subsection (e) above.
  - (2) Every member or registered eligible business organization must report each and every reportable position and provide the report required in subsection (1) above for each person within any account carried on an omnibus basis, unless, upon application of the member or registered eligible business organization to the Business Conduct Committee, the nonmember omnibus account specifically is approved to report directly to the Office of Investigations and Audits.
- (g) In the event that a person owns or controls joint positions in 1,000 oz. Silver futures and 5,000 oz. Silver futures, position limits will be subject to the following:
- (1) For 1,000 oz. Silver futures, the spot month maximum position limit of 5,000 contracts net long (net short) shall be reduced by five for every one net long (net short) 5,000 oz. Silver futures position that is owned or controlled in the spot month. In all months combined, the maximum position limit of 20,000 contracts, net long (net short) shall be reduced by five for every one net long (net short), 5,000 oz. Silver futures position that is owned or controlled. Alternatively, the maximum position limit of 20,000 contracts, net long (net short) in all months combined, shall be increased by five for every one net short (net long) 5,000 oz. Silver futures position that is owned or controlled. For example, in all months combined, a person could own or control 15,000 contracts, net long (net short), provided that the person does not also own or control more than 1,000 net long (net short) 5,000 oz. Silver futures positions.
  - (2) For 5,000 oz. Silver futures, the spot month maximum position limit of 1,000 contracts net long (net short) shall be reduced by one for every five net long (net short) 1,000 oz. Silver futures positions that are owned or controlled in the spot month. In all months combined, the maximum position limit of 4,000 contracts, net long (net short) shall be reduced by one for every five net long (net short) 1,000 oz. Silver futures positions that are owned or controlled. Alternatively, the maximum position limit of 4,000 contracts, net long (net short) in all months combined, shall be increased by one for every five net short (net long) 1,000 oz. Silver futures

positions that are owned or controlled. For example, in all months combined, a person could own or control 3,000 contracts, net long (net short), provided that the person does not also own or control more than 5,000 net long (net short) 1,000 oz. Silver futures positions.

(h) In the event that a person owns or controls joint positions in Kilo Gold futures and 100 oz. Gold futures, position limits will be subject to the following:

- (1) For Kilo Gold futures, the spot month maximum position limit of 6,000 contracts net long (net short) shall be reduced by three for every one net long (net short) 100 oz. Gold futures position that is owned or controlled in the spot month. In all months combined, the maximum position limit of 12,000 contracts, net long (net short) shall be reduced by three for every one net long (net short) 100 oz. Gold futures position that is owned or controlled. Alternatively, the maximum position limit of 12,000 contracts, net long (net short) in all months combined, shall be increased by three for every one net short (net long) 100 oz. Gold futures position that is owned or controlled. For example, in all months combined, a person could own or control 9,000 contracts, net long (net short), provided that the person does not also own or control more than 1,000 net long (net short) 100 oz. Gold futures positions.
- (2) For 100 oz. Gold futures, the spot month maximum position limit of 2,000 contracts net long (net short) shall be reduced by one for every three net long (net short) Kilo Gold futures position that are owned or controlled in the spot month. In all months combined, the maximum position limit of 4,000 contracts, net long (net short) shall be reduced by one for every three net long (net short) Kilo Gold futures positions that are owned or controlled. Alternatively, the maximum position limit of 4,000 contracts, net long (net short) in all months combined, shall be increased by one for every three net short (net long) Kilo Gold futures positions that are owned or controlled. For example, in all months combined, a person could own or control 3,000 contracts, net long (net short), provided that the person does not also own or control more than 3,000 net long (net short) Kilo Gold futures positions. (02/01/99)

## Appendix II

### CBOT Regulation 495.01 — Position Limits in Options

Additions are underlined; deletions are [bracketed].

For the purpose of this regulation:

- (i) An option contract's futures-equivalency shall be based on the prior day's delta factor for the option series, as published by the Board of Trade Clearing Corporation. For example, 8 long put contracts, each with a delta factor of 0.5, would equal 4 futures-equivalent short contracts.
  - (ii) Long futures contracts shall have a delta factor of +1, and short futures contracts shall have a delta factor of -1.
  - (iii) Long call options and short put options shall have positive delta factors.
  - (iv) Short call options and long put options shall have negative delta factors.
  - (v) An eligible option/option or option/futures spread is defined as an intra-month or inter-month position in the same Chicago Board of Trade commodity in which the sum of the delta factors is zero.
- (a) Except as provided in Regulations 425.03, 425.04, 425.05, 495.03 and 495.04, the maximum positions which any person may own, control or carry are as follows:

Option Contract	Futures-equivalent Position Limits Net On the Same Side of the Market in All Months and All Strike Prices Combined <sup>1</sup>	Position Limit on the Number of Option Contracts for All Months and All Strike Prices Combined in Each Option Category <sup>2</sup>	Reportable Option Position in Any One Month In Each Option Category <sup>2</sup>
<u>CBOT<sup>®</sup> Dow Jones Composite Average<sup>SM</sup> Index</u>	<u>70,000</u>	<u>None</u>	<u>25</u>
CBOT <sup>®</sup> Dow Jones Industrial Average <sup>SM</sup> Index	50,000	None	25
U.S. Treasury Bonds	None	None	100
1,000-Ounce Silver	20,000	None	50
U.S. Treasury Notes (10-Year)	None	None	50

U.S. Treasury Notes (5-Year)	None	None	50
Long Term Inflation-Indexed Treasury Notes	5,000	14,000	25
Medium Term Inflation-Indexed Treasury Notes	5,000	14,000	25
Inflation-Indexed U.S. Treasury Bonds	5,000	14,000	25
Long-Term Municipal Bonds	5,000	None	50
Short-Term Treasury Notes	5,000	None	50
PCS Catastrophe Insurance /11	None	10,000	25
Corn	6,000 3/, /4	None	50
Soybeans	4,300 3/, 5/	None	50
Corn Yield Insurance /12	1,000	None	25
Wheat	3,200 3/, 6/	None	50
Oats	1,200 3/, 7/	None	50
Rough Rice	750 /8	None	50
Soybean Oil	3,100 3/, 9/	None	50
Soybean Meal	3,400 3/, 10/	None	50
ComEd™ Hub Electricity /13	5,000	None	25
TVA Hub Electricity /13	5,000	None	25

- 1/ Long futures contracts, long, call options, and short put options are considered to be on the long side of the market while short futures contracts, long put options, and short call options are considered to be on the short side of the market. For each of the above commodities, the futures-equivalents for both the options and futures contracts are aggregated to determine compliance with the net same side position limits.
- 2/ Option categories are long call, long put, short call, and short put.
- 3/ A person may own or control additional options in excess of the futures-equivalent limits provided that those option contracts in excess of the futures-equivalent limits are part of an eligible option/futures spread.
- 4/ No more than 3,400 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all-months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.
- 5/ No more than 2,400 futures equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or

option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

- 6/ No more than 2,100 futures equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all-months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.
- 7/ No more than 900 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of the option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all-months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.
- 8/ No more than 500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all-months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.
- 9/ No more than 2,000 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided that the total of such positions, when combined with outright positions, does not exceed the all-months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.
- 10/ No more than 2,200 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined. Additional options contracts may be held as part of option/option or option/futures spreads between months within the same crop year provided

that the total of such positions, when combined with outright positions, does not exceed the all-months combined limit. The futures-equivalents for both the options and futures contracts are aggregated to determine compliance with these net same side single month position limits.

- 11/ Specifications apply separately to Small Cap and Large Cap contracts in each of the following PCS Catastrophe Insurance categories: National, Eastern, Northeastern, Southeastern, Western, Midwestern, California, Florida, Texas.
- 12/ Specifications apply separately to each of the following Corn Yield Insurance contracts: Iowa, Illinois, Indiana, Nebraska, Ohio, U.S.
- 13/ No more than 3,500 futures-equivalent contracts net on the same side of the market are allowed in a single month in all strike prices combined.

Except for the interest of a limited partner or shareholder (other than the commodity pool operator) in a commodity pool, ownership, including a 10% or more financial ownership interest, shall constitute control over an account, except as provided in Regulation 495.05.

The maximum positions which any person, as defined in Regulation 495.01 (b), may own or control shall be as set forth herein. However, with respect to the maximum positions which a member firm may carry for its customers, it shall not be a violation of the limits set forth herein to carry customer positions in excess of such limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions or file the appropriate hedge or exemption statements for the customer accounts in question in accordance with Regulations 425.03, 425.04, 495.03 and 495.04. For the purposes of this regulation, a "reasonable period of time" shall generally not exceed one business day for those positions that are not subject to the provisions of Regulations 425.03, 425.04, 495.03 and 495.04.

However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

- (b) The word "Person" shall include individuals, associations, partnerships, limited liability companies, corporations and trusts.

- (c) The foregoing limits on positions shall not apply to bona fide hedging positions which meet the requirements of Regulations 425.02, 425.03, 495.02 and 495.03, nor to positions subject to particular limits granted pursuant to Regulations 425.04 and 495.04.
- (d) The Board, or a Committee authorized by the Board, may direct any member or registered eligible business organization owning, controlling or carrying a position for a person whose total position as defined in subsection (e) below exceeds the position limits as set forth in subsection (a) above or as specifically determined pursuant to Regulations 425.03, 425.04, 495.03 or 495.04, to liquidate or otherwise reduce the position.
- (e) In determining whether any person has exceeded the position limits specified in subsection (a) of this Regulation or those limits determined pursuant to Regulations 425.03, 425.04, 495.03 or 495.04, or whether a position is a reportable position as set forth in subsections (a) and (f) herein, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly controls trading, except as provided in Regulation 425.05, shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.
- (f) If a person owns, controls or carries an option position equal to or greater than the number of contracts specified in subsection (a) above long or short in any one month, then all such options and futures underlying such options owned, controlled or carried by that person, whether above the given level or not, shall be deemed reportable positions. Every member or registered eligible business organization shall report each and every reportable position to the Office of Investigations and Audits at such times and in such form and manner as shall be prescribed by the Business Conduct Committee.
  - (1) On or before the first day on which any position must be reported as provided above, the member or registered eligible business organization carrying the position must furnish to the Office of Investigations and Audits a report, in the form, manner and content prescribed by the Business Conduct Committee, identifying the owner of the account for which the position must be reported and all persons associated with the account as described in subsection (e) above.
  - (2) Every member or registered or registered eligible business organization must report each and every reportable position and provide the report required in subsection (1) above for each person within any account carried on an omnibus basis, unless, upon application of the member or registered eligible business

organization to the Business Conduct Committee, the nonmember omnibus account specifically is approved to report directly to the Office of Investigations and Audits. (01/01/99)

## Appendix III

### CBOT Regulation 431.05 — Margin on Options

Additions are underlined>; deletions are [bracketed].

(This appendix applies to CBOT<sup>®</sup> Dow Jones Composite Average<sup>SM</sup> Index futures option contract.)

Under the provisions of Rule 431.00, the Board hereby establishes that minimum margins for option transactions will be determined by the \*Standard Portfolio Analysis of Risk<sup>®</sup> (SPAN<sup>®</sup>) margin calculations. Maintenance margin will equal the maximum of:

- (a) Market Risk Margin calculation.
- (b) Extreme Market Risk calculation.
- (c) Gross Short Option calculation.

Initial margins for each commodity are identified in Regulations 431.03(1), (2) and (3).

For all long option positions premium must be paid in full when the position is initiated. See Regulations XX05.01, 1305.01, 1605.01, 2205.01, 2705.01, 2805.01, 2905.01, 3005.01, 3105.01, 3205.01, 3305.01, 3505.01, 3605.01, 3805.01, 4005.01, 4205.01, 4405.01, 4805.01, 5205.01, 5405.01 and 5605.01.

The values of the following policy variables will be determined by the Board of Directors:

- 1.) Normal range of futures price changes.
- 2.) Normal range of implied volatility changes.
- 3.) Intermonth spread margin for determining intermonth spread risk.
- 4.) Extreme range of futures price changes.
- 5.) Backup margin collection ratio for the Extreme calculation.
- 6.) Gross short option assessment level. (01/01/99)

\* "SPAN<sup>®</sup>" and "Standard Portfolio Analysis of Risk<sup>®</sup>" are trademarks of the Chicago Mercantile Exchange. The Chicago Mercantile Exchange assumes no liability in connection with the use of SPAN<sup>®</sup> by any person or entity.

## Appendix IV

### CBOT Regulation 431.06 — Margin on Options for Non-Clearing Members

Additions are underlined; deletions are [bracketed].

(This appendix applies to CBOT<sup>®</sup> Dow Jones Composite Average<sup>SM</sup> Index futures option contract.)

A non-clearing member who makes his own option trades or who on the Floor gives his orders for option trades which are exclusively for his account shall be subject solely to the provisions of the \*Standard Portfolio Analysis of Risk<sup>®</sup> margin (SPAN<sup>®</sup>).

Maintenance margin will equal the maximum of:

- (a) Market Risk Margin calculation.
- (b) Extreme Market Risk calculation.
- (c) Gross Short option calculation.

For all long option positions premium must be paid in full when the position is initiated. See Regulations XX05 .01, 1305.01, 1605.01, 2205.01, 2705.01, 2805.01, 2905.01, 3005.01, 3105.01, 3205.01, 3305.01, 3505.01, 3605.01, 3805.01, 4005.01, 4205.01, 4405.01, 4805.01, 5205.01, 5405.01 and 5605.01. (01/01/99)

\* "SPAN<sup>®</sup>" and "Standard Portfolio Analysis of Risk<sup>®</sup>" are trademarks of the Chicago Mercantile Exchange. The Chicago Mercantile Exchange assumes no liability in connection with the use of SPAN<sup>®</sup> by any person or entity.

## Appendix V

### CBOT Regulation 1008.01 — Trading Limits

Additions are underlined>; deletions are [bracketed].

- A. Limits. Trading is prohibited during any Trading day (as defined in 906.04) in futures contracts of commodities traded on this Exchange at a price or yield higher or lower than either:
1. The settlement price or yield for such commodity on the previous business day, or
  2. The average of the opening range or the first trade during the first day of trading in a futures contract, or
  3. The price or yield established by the Pit Committee in an inactive future, or
  4. For a Project A afternoon trading session scheduled to begin on the same calendar day as the previous RTH session, the reference RTH price for such commodity on the previous business day plus or minus, except as provided in paragraph B, the following sums with respect to such commodities (variable limits in ( ) followed by the dollar value of a limit move):

Futures Contract	Trading Limit
Corn	\$ .12 per bushel (\$ .18) - \$600 (\$900)
GNMA-CDR	96/32 per unit of trading (144/32) - \$3,000 (\$4,500)
Corn Yield Insurance (Iowa, Illinois, Indiana, Nebraska, Ohio or U.S.)	15 bushels per acre harvested (22.5 bushels) - \$1,500 (\$2,250)
Kilo Gold	\$50 per unit of trading (\$75.00) - \$1,607.50 (\$2,411.25)
100 Ounce Gold	\$50.00 per unit of trading (\$75.00) - \$5,000 (\$7,500)
Oats	\$ .10 per bushel (\$ .15) - \$500 (\$750)
Rough Rice	\$ .30 per hundredweight (\$ .45) - \$600 (\$900)
1000 Ounce Silver	\$1.00 per unit of trading (\$1.50) - \$1,000 (\$1,500)
5000 Ounce Silver	\$1.00 per unit of trading (\$1.50) - \$5,000 (\$7,500)

Soybeans	\$ .30 per bushel (\$.45) - \$1,500 (\$2,250)
Soybean Meal	\$10 per unit of trading (\$15) - \$1,000 (\$1,500)
Soybean Oil (Crude)	\$.01 per unit of trading (\$.015) - \$600 (\$900)
30-Day Fed Fund	1.5% per unit of trading (2.25%) - \$6,250.50 (\$9,375.75)
Treasury Bonds	96/32 per unit of trading (144/32) - \$3,000 (\$4,500)
Treasury Notes (2 Year)	32/32 per unit of trading (48/32) - \$2,000 (\$3,000)
Treasury Notes (5 Year)	96/32 per unit of trading (144/32) - \$3,000 (\$4,500)
Treasury Notes (6-1/2-10 Year)	96/32 per unit of trading (144/32) - \$3,000 (\$4,500)
Long Term Inflation-Indexed Treasury Notes	96/32 per unit of trading (144/32) - \$3,000 (\$4,500)
Medium Term Inflation-Indexed Treasury Notes	96/32 per unit of trading (144/32) - \$3,000 (\$4,500)
Inflation-Indexed U.S. Treasury Bond	96/32 per unit of trading (144/32) - \$3,000 (\$4,500)
Long Term Municipal Bond Index	96/32 per unit of trading (144/32) - \$3,000 (\$4,500)
Wheat	\$ .20 per bushel (\$.30) - \$1,000 (\$1,500)

B. Variable Limits. If three or more contracts within a contract year (or all contracts in a contract year if there are less than three open contracts) close on the limit bid for one business day or on the limit sellers for one business day, then the limit would be raised to 150 percent of the current level for all contract months and remain there for two successive business days.

If three or more contract months (or all contracts in a contract year if there are less than three open contracts) in a given contract year close on the limit bid on the last business day of the expanded limit period or on the limit sellers on the last business day of the expanded limit period then the limits will remain at 150 percent of the original level for another two day period.

The limits would remain at 150 percent for successive periods of two business days until three or more contracts in a contract year (or all contracts in a contract year if there are less than three open contracts) do not close at the limit on the last day of the period. If on the last day of a two day business period the three or more contract months (or all contracts in a contract year if there are less than three open contracts) do not close on the limit bid or limit sellers then the limits would revert to their original level at the end of the two day period.

For purposes of this paragraph B, expanded limits always shall be initiated and terminated concurrently among soybean, soybean meal and soybean oil futures. Whenever the specified conditions for initiating expanded limits are met in soybean, soybean meal or soybean oil futures, expanded limits shall be initiated for all of these

contracts. Once expanded limits have been established for these contracts, limits will revert to their original levels only when soybean, soybean meal and soybean oil futures all meet the specified conditions for such reversion.

For contracts traded both by open outcry and on Project A, expanded limits will be initiated as follows on the next trading day after the day on which the applicable contracts closed on the limit bid or limit sellers:

- For financial contracts, beginning with the overnight Project A<sup>®</sup> session; and
- For agricultural contracts, beginning with the open outcry trading session.

The provisions of Paragraph B do not apply to the CBOT<sup>®</sup> Dow Jones Industrial Average<sup>SM</sup> Index futures or the CBOT<sup>®</sup> Dow Jones Composite Average<sup>SM</sup> Index futures, which will be governed solely by Paragraph F.

- C. Current Month Exclusions. Limits shall not apply to trading in current month contracts on and after the second business day prior to the first day of the current month. For Corn Yield Insurance futures, the current month is the month in which the futures expire for purposes of this regulation.

Notwithstanding the foregoing, limits shall remain in effect for purposes of trading agricultural contracts on Project A<sup>®</sup>.

For financial contracts traded both by open outcry and Project A<sup>®</sup>, limits shall not apply to trading in current month contracts on and after the overnight Project A<sup>®</sup> session of the second business day prior to the first day of the current month.

The provisions of Paragraph C do not apply to the CBOT<sup>®</sup> Dow Jones Industrial Average<sup>SM</sup> Index futures or the CBOT<sup>®</sup> Dow Jones Composite Average<sup>SM</sup> Index futures, which will be governed solely by Paragraph F.

In any case where limits do not apply to trading in the current month and there are only three contract months open in a given contract year, one of which is the spot month, the determination of variable limits pursuant to paragraph B shall be based upon the remaining two months.

In any case where limits do not apply to trading in the current month and there are only two contract months open in a given contract year, one of which is the spot month, expanded limits shall be initiated and/or continued pursuant to paragraph B only if:

- The spot month closes on (or surpasses) what would have been the daily limit for that particular contract if it was not a spot month contract; and

- The month which has limits closes on the limit bid or limit sellers with the price or yield movement in the same direction as that of the spot month.

D. **Limit Bid; Limit Sellers Definitions.** The terms "close on the limit bid" or "close on the limit sellers" as used in paragraph B are defined as follows:

**Limit Bid.** Restricted to a situation in which the market closes at an upward price limit on an unfilled bid. When a close is reported as a range of different prices, the last price quoted must be limit bid.

**Limit Sellers.** Restricted to a situation in which the market closes at a downward price limit on an unfilled offer. When a close is reported as a range of different prices, the last price quoted must be a limit ask.

E. **Contract Year Definitions.** For purposes of paragraph B governing variable limits, a contract year would be defined as follows:

**Corn.** All contract months from December through September with at least two open months.

**Wheat, Oats.** All contract months from July through May with at least two open months.

**Soybeans.** All contract months from September through August with at least two open months.

**Rough Rice.** All contract months from September through July with at least two open months.

**Soybean Oil, Soybean Meal.** All contract months from October through September with at least two open contract months.

**Silver, Gold, Financial Instruments.** All contract months from the nearby month through the subsequent eleven calendar months. 1823

**Iowa, Illinois, Indiana, Nebraska, Ohio, and U.S. Corn Yield Insurance Futures.** Each contract month.

F. **Daily Price Limits and Trading Halts for CBOT® Dow Jones Industrial Average<sup>SM</sup> Index, CBOT® Dow Jones Composite Average<sup>SM</sup> Index, CBOT® Dow Jones Transportation Average<sup>SM</sup> Index, and CBOT® Dow Jones Utilities Average<sup>SM</sup> Index Futures.** Daily price limits and trading halts of the CBOT® Dow Jones Industrial Average<sup>SM</sup> Index, CBOT® Dow Jones Composite Average<sup>SM</sup> Index, CBOT® Dow Jones Transportation Average<sup>SM</sup> Index, and CBOT® Dow Jones Utilities Average<sup>SM</sup> Index futures contracts shall be coordinated with trading halts of the underlying stocks listed for trading in the primary securities market.

For purposes of this regulation, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit or for those contracts only listed electronically, on the electronic trading system (ETS) and the Executive Committee or its designee shall have the responsibility of determining whether the primary futures contract is limit bid or offered.

For the first day of trading in a newly listed contract, there will be an implied previous business day's settlement price, created by the Exchange for the sole purpose of establishing price limits. The implied settlement price will be created by extrapolating the annualized percentage carry between the two contract months immediately prior to the newly listed contract.

**Price Limits:** There shall be three successive price limits for each index, Level 1, Level 2, and Level 3, below the settlement price of the preceding regular trading session. Levels 1, 2, and 3 shall be calculated at the beginning of each calendar quarter, using the average daily closing value of each index for the calendar month prior to the beginning of the quarter. Level 1 shall be 10% of such average closing value calculation; Level 2 shall be 20% of such average closing value calculation; Level 3 shall be 30% of such average closing value calculation. For the Dow Jones Industrial Average<sup>SM</sup>, each Level shall be rounded to the nearest fifty points. For the Dow Jones Transportation Average<sup>SM</sup> and the Dow Jones Composite Average<sup>SM</sup>, each Level shall be rounded to the nearest ten points. For the Dow Jones Utilities Average<sup>SM</sup>, each Level shall be rounded to the nearest point. The values of Levels 1, 2 and 3 shall remain in effect until the next calculation.

**Price Limits and Trading Halts when the U.S. Primary Securities Market is Open for Regular Trading Hours:** The following price limits and trading halts shall apply when the primary securities market in the United States underlying the DJIA is open for regular trading hours.

(a) Level 1:

Except as provided below, the Level 1 price limit shall be in effect until a trading halt has been declared in the primary securities market, trading in the primary securities market has resumed, and fifty percent (50%) of the stocks underlying the DJIA<sup>SM</sup> Index (selected according to capitalization weights) have reopened. The Level 2 price limit shall apply to such reopening.

Until 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the trading halt shall be a one-hour trading halt. Between 1:00 p.m. and 1:30 p.m. Chicago time (2:00 p.m. and 2:30 p.m. Eastern time), the trading halt shall be a one-half hour trading halt.

The Level 1 price limit shall not apply after 1:30 p.m. Chicago time (2:30 p.m. Eastern time). If the futures contract is limit offered at the Level 1 price limit and a trading halt has not been declared in the primary securities market, the Level 1 price limit shall be lifted and the Level 2 price limit shall apply thereafter.

(b) Level 2:

Except as provided below, the Level 2 price limit shall be in effect until a trading halt has been declared in the primary securities market, trading in the primary securities market has resumed, and fifty percent (50%) of the stocks underlying the DJIA<sup>SM</sup> Index (selected according to capitalization weights) have reopened. The Level 3 price limit shall apply to such reopening.

Until 12:00 noon Chicago time (1:00 p.m. Eastern time), the trading halt shall be a two-hour trading halt. Between 12:00 noon and 1:00 p.m. Chicago time (1:00 p.m. and 2:00 p.m. Eastern time), the trading halt shall be a one-hour trading halt. After 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the trading halt declared in the primary securities market will remain in place for the rest of the primary securities market trading day.

(c) Level 3:

The Level 3 price limit shall be in effect during the entire regular daytime trading session.

**Trading Halts:** If the primary futures contract for the DJIA<sup>SM</sup> is limit offered at either the Level 1 or Level 2 price limit as described above and there is a trading halt declared in the primary securities market, trading shall be halted for all Dow Jones<sup>SM</sup> Index futures contracts that have reached their respective price limits. In the event that trading in the primary securities market resumes after a trading halt, trading in each of the Dow Jones<sup>SM</sup> Index futures contract (that have halted) shall resume only after fifty percent (50%) of the stocks underlying the DJIA<sup>SM</sup> Index (selected according to capitalization weights) have reopened. The next applicable price limit enumerated above shall apply to the reopening indexes and to those indexes that had not reached their previous respective price limits during the period of the halt .

If after 1:00 p.m. Chicago time (2:00 p.m. Eastern time), the primary futures contract for the DJIA<sup>SM</sup> is limit offered at the Level 2 price limit, or if the primary futures contract for the DJIA<sup>SM</sup> is limit offered at the Level 3 price limit at any time during the trading day, and the primary securities market declares a trading halt for the rest of its trading day, the Exchange will also declare a trading halt for the rest of its trading day for all Dow Jones<sup>SM</sup> Index futures contracts that have reached their respective price limits.

**Price Limits when the U.S. Primary Securities Market is Not Open for Regular Trading Hours:** There shall be a price limit of 2.5% of the average daily closing value of each index that shall apply when the primary securities market is not open for its regular trading hours.

If either a trading halt was in effect or the primary futures contract in the DJIA<sup>SM</sup> was locked at limit at the close of trading, then the opening time on the ETS for all Dow Jones<sup>SM</sup> futures contracts shall be delayed until 6:00 p.m. Chicago time.