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September 12, 2005

Ms. Jean A. Webb  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

RE: Section 5c(c)(1), Part 40.6 – Amendments to the S&P/ Barra  
Growth and Value futures and options on futures contracts.  
CME Submission# 05-84.

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) hereby notifies the Commission of Amendments to the S&P/ Barra Growth (“Growth”) and Value (“Value”) futures and options on futures contracts. These amendments require the temporary addition of Chapters 355B, 355C, 356B, and 356C.

The Exchange certifies that this action neither violates nor is inconsistent with any provision of the Commodity Exchange Act or of the rules thereunder.

Standard & Poor’s is discontinuing its relationship with Barra and creating a new partnership with Citigroup. These changes in turn will affect the Exchange’s S&P/ Barra Growth and Value contracts. Beginning in mid-September 2005, S&P will start to disseminate the US S&P/ Citigroup style Index series. These Indexes will run concurrently with the S&P/ Barra Indexes which will slowly be phased out. On December 16, 2005, the S&P/ Citigroup Index series will become S&P’s official style series replacing the Barra Indexes.

Please note that the S&P Citigroup Indexes are not new in nature. These Growth and Value Indexes will be replacing the current Indexes in a seamless transition retaining all of the same constituents and characteristics. While there will be a minor adjustment to the methodology in order to reduce the turnover, the main change is in name only.

**S&P Barra Growth and Value Amendments**

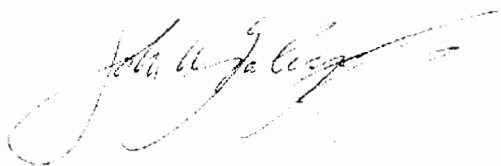
**September 12, 2005**

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All CME Growth and Value contracts listed in 2005 will retain the S&P/ Barra naming and methodology. All contracts from January 2006 on will be known as the S&P/ Citigroup Growth and Value Index contracts. The March 2006 contracts will be the first listing under the new name following the September 2005 expirations. The rules reflecting this new partnership follow below. Chapters 355 B&C and 356 B&C will be added on a temporary basis and be published along with the existing S&P Barra contracts; Chapters 355, 355A, 356, and 356A. Following the December 2005 expirations, Chapters 355B&C and 356 B&C referencing the S&P/ Citigroup Indexes will replace the existing S&P/ Barra chapters, noting that all rule language is exactly the same with the exception of the name change.

If you require any additional information regarding this action, please do not hesitate to contact Ms. Ariel Hantin, Senior Research Analyst at 312-559-4951 or via e-mail at [ahantin@cme.com](mailto:ahantin@cme.com). Please reference our CME Submission #05-84 on all future correspondence regarding this notification.

Sincerely,



John W. Labuszewski, Director  
Research & Product Development

cc: Mr. Thomas M. Leahy and Mr. Steven B. Benton  
CFTC Division of Market Oversight, Product Review & Analysis Section

**Text of Rule Amendments**

*(Additions are underlined, deletions are bracketed and overstruck.)*

**Chapter 355B  
S&P 500/ CITIGROUP Growth Index Futures<sup>1</sup>**

**355B00. SCOPE OF CHAPTER**

This chapter is limited in application to futures trading in the S&P 500/CITIGROUP Growth Index. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

**355B01. COMMODITY SPECIFICATIONS**

Each futures contract shall be valued at \$250.00 times the S&P 500/CITIGROUP Growth Index. The S&P 500/CITIGROUP Growth Index is a capitalization-weighted index of S&P 500 stocks which have the highest price-to-book ratios and which account for approximately 50% of the total capitalization of S&P 500 stocks.

**355B02. FUTURES CALL**

**355B02.A. Trading Schedule**

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Board of Directors.

**355B02.B. Trading Unit**

The unit of trading shall be \$250.00 times the S&P 500/CITIGROUP Growth Index.

**355B02.C. Price Increments**

Bids and offers shall be quoted in terms of the S&P 500/CITIGROUP Growth Index. The minimum fluctuation of the futures contract shall be .10 index points, equivalent to \$25.00 per contract. Trades may also occur in multiples of .05 index points, for S&P 500/CITIGROUP Growth Index futures calendar spreads executed as simultaneous transactions pursuant to Rule 542.A.

**355B02.D. Position Limits**

A person shall not own or control more than 20,000 futures contracts net long or net short in all contract months combined. For the purpose of this rule, a long or short position in S&P 500/CITIGROUP Growth Index futures will be considered to be embedded in a long or short position in S&P 500 Stock Price Index futures.

For positions involving options on S&P 500/CITIGROUP Growth Index futures, this rule is superseded by the option speculative position limit rule.

**355B02.E. Accumulation of Positions**

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

**355B02.F. Exemptions**

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 543.

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<sup>1</sup> This contract succeeds the S&P\Barra Growth Index, beginning with March 2006 expirations listed for trading on September 16, 2005

**355B02.G. Termination of Trading**

Futures trading shall terminate on the business day immediately preceding the day of determination of the Final Settlement Price.

**355B02.H. Contract Modifications**

Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

**355B02.I. Price Limits, Trading Halts, and/or Trading Hours**

Daily price limits and trading halts of the S&P 500/CITIGROUP Growth Index futures contract shall be coordinated with trading halts of the underlying stocks listed for trading in the securities markets.

For the purpose of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit and Exchange staff shall have the responsibility of determining whether the primary futures contract is limit 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 Price Limits corresponding to a 5.0%, 10.0%, 15.0% and 20.0% decline below the Settlement Price of the preceding RTH session calculated as provided below.

The 5.0%, 10.0%, 15.0% and 20.0% Price Limits shall be calculated at the beginning of each calendar quarter, based upon the average closing price of the current primary futures contract, during the month prior to the beginning of the quarter (P) and rounded, as follows.

5.0% Price Limit	equals	One-half of the 10% Price Limit rounded down to nearest integral multiple of 1 index point
10.0% Price Limit	equals	10% of P rounded down to nearest integral multiple of 5 index points
15.0% Price Limit	equals	1.5 times the 10.0% Price Limit rounded down to the nearest integral multiple of 1 index point
20.0% Price Limit	equals	2 times the 10.0% Price Limit

Once the primary futures contract is limit offered at the 5.0% Price Limit, that limit shall apply until the corresponding limit for the S&P 500 futures contract ceases to apply, pursuant to Rule 35102.I. If a two-minute trading halt follows for the S&P 500 futures contract, trading in this futures contract also shall terminate for that two-minute period, after which time the market shall reopen. The next applicable Price Limit shall apply to such reopening.

After 1:30 p.m. Chicago time, when the primary futures contract is limit offered at the 10.0% Price Limit, a 10-minute period shall commence, that limit shall apply until the corresponding limit for the S&P 500 futures contract ceases to apply, pursuant to Rule 35102.I. If a two-minute trading halt follows for the S&P 500 futures contract, trading in this futures contract also shall terminate for that two-minute period, after which time the market shall reopen. The next applicable Price Limit shall apply to such reopening.

Before 1:30 p.m. Chicago time, the 10.0% 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 50 per cent of the stocks underlying the S&P 500 Stock Price Index (selected according to capitalization weights) have reopened. The 20.0% Price Limit shall apply to such reopening.

When the primary futures contract is limit offered at the 15.0% Price Limit, a 10-minute period shall commence, that limit shall apply until the corresponding limit for the S&P 500 futures contract ceases to apply, pursuant to Rule 35102.I. If a two-minute trading halt follows for the S&P 500 futures contract, trading in this

futures contract also shall terminate for that two-minute period, after which time the market shall reopen. The 20% Price Limit shall apply to such reopening and shall represent the Total Daily Price Limit.

**Trading Halts:** If at any time the primary futures contract is limit offered at the 10.0% Price Limit and there is a trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after a trading halt, trading on the S&P 500/CITIGROUP Growth Index futures contract shall resume only after 50 percent of the stocks underlying the S&P 500 Stock Price Index (selected according to capitalization weights) have reopened. The next applicable Price Limit shall apply to such reopening.

If at any time the primary futures contract is limit offered at the 20.0% Price Limit and there is a trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after a trading halt, trading on the S&P 500/CITIGROUP Growth Index futures contract shall resume only after 50 percent of the stocks underlying the S&P 500 Stock Price Index (selected according to capitalization weights) have reopened. The 20% Total Daily Price Limit shall continue to apply subsequent to such reopening.

**Second Day Limits:** If the primary futures contract is limit offered at the 20.0% Price Limit as of the close of Regular Trading Hours, the subsequent RTH trading session shall be subject to modified limits as follows.

If, during a RTH trading session subject to Second Day Limits, the primary futures contract is limit offered at the 5.0%, 10.0% or 15.0% Price Limit, a 10-minute period shall commence. These price limits shall cease to be in effect at the end of the 10-minute period or 45 minutes preceding the scheduled close of trading. If the primary futures contract is limit offered at the 5.0%, 10.0% or 15.0% Price Limit at the end of the 10-minute period, or 45-minutes before the scheduled close of trading, trading shall terminate for a period of two minutes, after which time the market shall reopen. The next applicable Price Limit shall apply to such reopening. The 20% Price Limit shall represent the Total Daily Price Limit.

If, during a RTH trading session subject to Second Day Limits, there is a trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after a trading halt, trading on the S&P 500/CITIGROUP Growth Index futures contract shall resume only after 50 percent of the stocks underlying the S&P 500 Stock Price Index (selected according to capitalization weights) have reopened. The 20% Total Daily Price Limit shall apply to such reopening.

**Opening Time:** The opening time of trading on GLOBEX will be the same as the opening time of GLOBEX trading of S&P 500 contracts. In particular, the opening time of GLOBEX trading will be delayed until 6:00 p.m. if GLOBEX trading of S&P 500 contracts is delayed until 6:00 p.m.

During Electronic Trading Hours (ETH), there shall be no trading of S&P 500/CITIGROUP Growth Index futures at a price more than the 5.0% Price Limit above or below the Reference RTH Price. If the market is limit bid two minutes prior to the opening of RTH, the Price Limit that is 5.0% above the Reference RTH Price shall be removed at that time.

### **355B03. SETTLEMENT PROCEDURES**

Delivery under the S&P 500/CITIGROUP Growth Index Futures contract shall be by cash settlement.

#### **355B03.A. Final Settlement Price**

The Final Settlement Price shall be a special quotation of the S&P 500/Citigroup Growth Index based on the opening prices of the component stocks in the index, determined on the third Friday of the contract month.

If the S&P 500/Citigroup Growth Index is not scheduled to be published on the third Friday of the contract month, the Final Settlement Price shall be determined on the first earlier day for which the Index is scheduled to be published.

If the primary market for a component stock in the index does not open on the day scheduled for determination of the Final Settlement Price, then the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the opening price of that stock on the next day that its primary market is open for trading.

If a component stock in the index does not trade on the day scheduled for determination of the Final Settlement Price while the primary market for that stock is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the last sale price of that stock. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the

purposes of calculating the Final Settlement Price, on the opening price of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

**355B03.B. Final Settlement**

Clearing members holding open positions in a S&P 500/CITIGROUP Growth Index futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation margin procedures based on a settlement price equal to the final settlement price.

**355B04. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

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

**35B505. - 06. [RESERVED]**

**(End Chapter 355B)**

**INTERPRETATIONS AND SPECIAL NOTICES**  
**RELATING TO CHAPTER 355B**

Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P stock indices ("S&P Stock Indices") in connection with the trading of futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Stock Indices.

Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Stock Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Stock Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Stock Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

**Chapter 355C**  
**Options on S&P 500/ CITIGROUP Growth Index Futures<sup>1</sup>**

**355C00. SCOPE OF CHAPTER**

This chapter is limited in application to trading in put and call options on the S&P 500/CITIGROUP Growth Index futures contract ("S&P 500/CITIGROUP Growth Index options"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

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<sup>1</sup> This contract succeeds the S&P Barra Growth Index, beginning with March 2006 expirations listed for trading on September 16, 2005

### 355C01. OPTION CHARACTERISTICS

#### 355C01.A. Contract Months, Trading Hours, and Trading Halts

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.

There shall be no trading in any option contract when the S&P 500/CITIGROUP Growth Index primary futures contract is limit bid or offered at any price limit except at the Total Daily Price Limit on an option's last day of trading.

There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 355B02.I.

For purposes of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit.

For purposes of this rule, Exchange staff shall have the responsibility of determining whether the primary futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the GLOBEX Control Center.

#### 355C01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell in the case of the put, one S&P 500/CITIGROUP Growth Index futures contract as specified in Chapter 355B.

#### 355C01.C. Minimum Fluctuations

The price of an option shall be quoted in index points. Each .01 index point (1 basis point) shall represent \$2.5. The minimum fluctuation shall be .10 index points (\$25.00, also known as one tick). Trades may also occur at a price of .05 index points (\$12.50, also known as one-half tick), whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 3.00 index points may also occur at a price in multiples of .05 index points, e.g., .15 index points (\$37.50, also known as one and one-half ticks), and 1.95 index points (\$487.50, also known as nineteen and one-half ticks).

#### 355C01.D. Underlying Futures Contract

##### 1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

##### 2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

#### 355C01.E. Exercise Prices

##### 1. Options in the March Quarterly Cycle

The exercise prices shall be stated in terms of the S&P 500/CITIGROUP Growth Index futures contract which is deliverable upon exercise of the option. In the third and fourth-nearest contract months in the March quarterly cycle, the exercise prices shall be an integer divisible by 5 without remainder, e.g., 255, 260, 265, etc. In all other contract months, the exercise prices shall be number divisible by 2.5 e.g., 255, 257.5, 260, etc.

At the commencement of trading for the fourth-nearest contract month in the March quarterly cycle, the Exchange shall list all eligible exercise prices in a range of 20 index points above and below the previous day's settlement price of the underlying futures contract. If any of the foregoing exercise prices are within 2 index points of the settlement price of the underlying futures contract, then the Exchange shall list an additional exercise price at the unoccupied level above (or below) the exercise price that is within 2 index points of the previous day's settlement price. If the previous day's settlement price equals an eligible exercise price, then that exercise price shall be listed also.

Thereafter, for the third and fourth-nearest contract months in the March quarterly cycle, when a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or next lower) exercise price within a 20 index point range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract month becomes the second-nearest contract month in the March quarterly cycle, the Exchange shall add exercise prices at an interval that is a number divisible by 2.5 in a range of 15 index points above and below the previous day's settlement price of the underlying futures contract. If the previous day's settlement price equals an eligible exercise price, then that exercise price shall be listed also, if not previously listed.

Thereafter, and for all other contract months, when a sale, bid, offer, or settlement price, in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or next lower) exercise price within a 15 index point range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

**2. Options Not in the March Quarterly Cycle**

Upon demand evidenced in the respective options pit, the Exchange shall list put and call options at any exercise price listed for trading in the next March quarterly cycle futures option that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading.

**355C01.F. Position Limits**

No person shall own or control a combination of options and underlying futures contracts that exceeds 20,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series, and a long or short futures-equivalent position in S&P 500/CITIGROUP Growth Index futures or options on futures will be considered to be embedded in a long or short futures-equivalent position of S&P 500 Stock Price Index futures or options on futures.

Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

**355C01.G. Accumulation of Positions**

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons action pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

**355C01.H. Exemptions**

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543. and shall not apply to other option positions exempted pursuant to Rule 543.

**355C01.I. Termination of Trading**

**1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

**2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange business day, options trading shall terminate on the first preceding business day. In the event that the underlying futures market does not open



on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

**355C01.J. Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling directive, or law shall be construed to become part of these rules and all open new options contracts shall be subject to such governmental orders.

**355C02. EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the S&P 500/CITIGROUP Growth Index options.

**355C02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any business day that the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option in the March quarterly cycle that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the business day following the termination of trading by the clearing member representing the option buyer, be automatically exercised.

In the money options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

**355C02.B. Assignment**

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following business day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

**355C03. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

If exercise or assignment or any precondition or requirement of either is prevented by a strike, fire, accident, act of government or act of God, the seller or buyer shall immediately notify the Exchange President. If the President determines that emergency action may be necessary, he shall call a special meeting of the Board of Directors and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract.

**355C04. - 29. [RESERVED]**

**FLEXIBLE OPTIONS**

### 355C30. SCOPE OF FLEXIBLE OPTION RULES

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of this chapter.

### 355C31. FLEXIBLE OPTION CHARACTERISTICS

#### 355C31.A. Nature of Flexible Contracts

Flexible options on Standard and Poor's Growth Index futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options in the standard options pit or on GLOBEX. Once and if these options are listed for trading as standard options in the standard options pit or on GLOBEX, they will be traded only as standard options in the standard options pit or on GLOBEX subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

#### 355C31.B. Trading Unit

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of the call, or to sell, in the case of the put, one Standard and Poor's Growth Index futures contract as specified in Chapter 355B. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

#### 355C31.C. Minimum Fluctuations

(Refer to Rule 355C01.C.—Minimum Fluctuations)

#### 355C31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Standard and Poor's Growth Index futures contract that is currently available for trading, as specified in Chapter 355B.

#### 355C31.E. Exercise Prices

Exercise prices shall be stated in terms of the Standard and Poor's Growth Index futures contract that is deliverable upon exercise of the option and may be at intervals of .10 for all Standard and Poor's Growth Index levels from .10 through 999.90, e.g., 260.00, 260.10, 260.20 etc. However, for a Request for Quote (RFQ), strike prices may be stated in .10 Standard and Poor's Growth Index points (futures ticks) relative to the underlying futures contract.

#### 355C31.F. Position Limits

(Refer to Rule 355C01.F.—Position Limits)

#### 355C31.G. Accumulation of Positions

(Refer to Rule 355C01.G.—Accumulation of Positions)

#### 355C31.H. Exemptions

(Refer to Rule 355C01.H.—Exemptions)

#### 355C31.I. Termination of Trading

Flexible option expiration dates may be specified for any scheduled Exchange business day up to and including the day of determination of the Final Settlement Price of the underlying futures contract. If a flexible option expiration occurs on the same day as the day of determination of the Final Settlement Price of its underlying

futures contract, flexible options trading shall terminate at the same time as the underlying futures on the business day immediately preceding the day of determination of the Final Settlement Price of the underlying futures contract. Otherwise, flexible options trading shall terminate at the close of trading on the expiration date specified for the flexible option. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

**355C31.J. Contract Modification**

(Refer to Rule 355C01.J.—Contract Modification)

**355C32. EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on S&P Growth Index futures.

**355C32.A. Exercise of Flexible Option by Buyer**

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any business day that the option is traded and also on its expiration date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 P.M. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 P.M. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 P.M. on the expiration date by the clearing member representing the option buyer, be exercised automatically.

**355C32.B. Assignment**

(Refer to Rule 355C02.B.—Assignment)

**355C33. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

(Refer to Rule 355C03.—EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT)

**355C34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQs will be accepted within fifteen minutes of the daily scheduled closing time of the underlying futures or within fifteen minutes prior to the termination of trading of the underlying futures.

**355C35. RESPONSE TIME INTERVAL**

No trades against the first RFQ submitted for a flexible option series on any trading day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

**355C36. RFQ TRADING INTERVAL**

A flexible option series shall immediately open for trading following the Response Time Interval. Priority for RFQs is determined by order of submission to the RFQ official, except that all RFQs submitted before the open shall be treated equally.

**355C37. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

**355C38. REPORTING OF FLEXIBLE OPTION TRADES**

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible options pit official in a timely manner, including any later trades in open flexible contract term series.

(End of Chapter 355C)

**INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 355C**

Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P stock indices ("S&P Stock Indices") in connection with the trading of futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Stock Indices.

Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Stock Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Stock Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Stock Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

**CLARIFICATION OF NEW NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

Please note that the new non-agricultural option speculative position limit rule supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures position that exceeds the futures position limit rule if that gross position is part of spread with options, such that the net position across options and futures is less than the applicable limit set in the options rule.

**Chapter 356B**

**S&P 500/ CITIGROUP Value Index Futures<sup>1</sup>**

**356B00. SCOPE OF CHAPTER**

This chapter is limited in application to futures trading in the S&P 500/CITIGROUP Value Index. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

**356B01. COMMODITY SPECIFICATIONS**

Each futures contract shall be valued at \$250.00 times the S&P 500/CITIGROUP Value Index. The S&P 500/CITIGROUP Value Index is a capitalization-weighted index of S&P 500 stocks which have the lowest price-to-book ratios and which account for approximately 50% of the total capitalization of S&P 500 stocks.

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<sup>1</sup> This contract succeeds the S&P Barra Value Index, beginning with March 2006 expirations listed for trading on September 16, 2005

**356B02. FUTURES CALL**

**356B02.A. Trading Schedule**

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Board of Directors.

**356B02.B. Trading Unit**

The unit of trading shall be \$250.00 times the S&P 500/CITIGROUP Value Index.

**356B02.C. Price Increments**

Bids and offers shall be quoted in terms of the S&P 500/CITIGROUP Value Index. The minimum fluctuation of the futures contract shall be .10 index points, equivalent to \$25.00 per contract. Trades may also occur in multiples of .05 index points, for S&P 500/CITIGROUP Value Index futures calendar spreads executed as simultaneous transactions pursuant to Rule 542.A.

**356B02.D. Position Limits**

A person shall not own or control more than 20,000 futures contracts net long or net short in all contract months combined. For the purpose of this rule, a long or short position in S&P 500/CITIGROUP Value Index futures will be considered to be embedded in a long or short position in S&P 500 Stock Price Index futures.

For positions involving options on S&P 500/CITIGROUP Value Index futures, this rule is superseded by the option speculative position limit rule.

**356B02.E. Accumulation of Positions**

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

**356B02.F. Exemptions**

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and (2) other positions exempted pursuant to Rule 543.

**356B02.G. Termination of Trading**

Futures trading shall terminate on the business day immediately preceding the day of determination of the Final Settlement Price.

**356B02.H. Contract Modifications**

Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

**356B02.I. Price Limits, Trading Halts, and/or Trading Hours**

Daily price limits and trading halts of the S&P 500/CITIGROUP Value Index futures contract shall be coordinated with trading halts of the underlying stocks listed for trading in the securities markets.

For the purpose of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit and Exchange staff shall have the responsibility of determining whether the primary futures contract is limit 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

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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 Price Limits corresponding to a 5.0%, 10.0%, 15.0% and 20.0% decline below the Settlement Price of the preceding RTH session calculated as provided below.

The 5.0%, 10.0%, 15.0% and 20.0% Price Limits shall be calculated at the beginning of each calendar quarter, based upon the average closing price of the current primary futures contract, during the month prior to the beginning of the quarter (P) and rounded, as follows.

5.0% Price Limit	equals	One-half of the 10% Price Limit rounded down to nearest integral multiple of 1 index point
10.0% Price Limit	equals	10% of P rounded down to nearest integral multiple of 5 index points
15.0% Price Limit	equals	1.5 times the 10.0% Price Limit rounded down to the nearest integral multiple of 1 index point
20.0% Price Limit	equals	2 times the 10.0% Price Limit

Once the primary futures contract is limit offered at the 5.0% Price Limit, that limit shall apply until the corresponding limit for the S&P 500 futures contract ceases to apply, pursuant to Rule 35102.I. If a two-minute trading halt follows for the S&P 500 futures contract, trading in this futures contract also shall terminate for that two-minute period, after which time the market shall reopen. The next applicable Price Limit shall apply to such reopening.

After 1:30 p.m. Chicago time, when the primary futures contract is limit offered at the 10.0% Price Limit, a 10-minute period shall commence, that limit shall apply until the corresponding limit for the S&P 500 futures contract ceases to apply, pursuant to Rule 35102.I. If a two-minute trading halt follows for the S&P 500 futures contract, trading in this futures contract also shall terminate for that two-minute period, after which time the market shall reopen. The next applicable Price Limit shall apply to such reopening.

Before 1:30 p.m. Chicago time, the 10.0% 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 50 per cent of the stocks underlying the S&P 500 Stock Price Index (selected according to capitalization weights) have reopened. The next applicable Price Limit shall apply to such reopening.

When the primary futures contract is limit offered at the 15.0% Price Limit, a 10-minute period shall commence, that limit shall apply until the corresponding limit for the S&P 500 futures contract ceases to apply, pursuant to Rule 35102.I. If a two-minute trading halt follows for the S&P 500 futures contract, trading in this futures contract also shall terminate for that two-minute period, after which time the market shall reopen. The 20% Price Limit shall apply to such reopening and shall represent the Total Daily Price Limit.

**Trading Halts:** If at any time the primary futures contract is limit offered at the 10.0% Price Limit and there is a trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after a trading halt, trading on the S&P 500/CITIGROUP Value Index futures contract shall resume only after 50 percent of the stocks underlying the S&P 500 Stock Price Index (selected according to capitalization weights) have reopened. The next applicable Price Limit shall apply to such reopening.

If at any time the primary futures contract is limit offered at the 20.0% Price Limit and there is a trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after a trading halt, trading on the S&P 500/CITIGROUP Value Index futures contract shall resume only after 50 percent of the stocks underlying the S&P 500 Stock Price Index (selected according to capitalization weights) have reopened. The 20% Total Daily Price Limit shall continue to apply subsequent to such reopening.

**Second Day Limits:** If the primary futures contract is limit offered at the 20.0% Price Limit as of the close of Regular Trading Hours, the subsequent RTH trading session shall be subject to modified limits as follows.

If, during a RTH trading session subject to Second Day Limits, the primary futures contract is limit offered at the 5.0%, 10.0% or 15.0% Price Limit, a 10-minute period shall commence. These price limits shall cease to be in effect at the end of the 10-minute period or 45 minutes preceding the scheduled close of trading. If the

primary futures contract is limit offered at the 5.0%, 10.0% or 15.0% Price Limit at the end of the 10-minute period, or 45-minutes before the scheduled close of trading, trading shall terminate for a period of two minutes, after which time the market shall reopen. The next applicable price limit shall apply to such reopening. The 20% Price Limit shall represent the Total Daily Price Limit.

If, during a RTH trading session subject to Second Day Limits, there is a trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after a trading halt, trading on the S&P 500/CITIGROUP Value Index futures contract shall resume only after 50 percent of the stocks underlying the S&P 500 Stock Price Index (selected according to capitalization weights) have reopened. The 20% Total Daily Price Limit shall apply to such reopening.

**Opening Time:** The opening time of trading on GLOBEX will be the same as the opening time of GLOBEX trading of S&P 500 contracts. In particular, the opening time of GLOBEX trading will be delayed until 6:00 p.m. if GLOBEX trading of S&P 500 contracts is delayed until 6:00 p.m.

During Electronic Trading Hours (ETH), there shall be no trading of S&P 500/CITIGROUP Value futures at a price more than the 5.0% Price Limit above or below the Reference RTH Price. If the market is limit bid two minutes prior to the opening of RTH, the Price Limit that is 5.0% above the Reference RTH Price shall be removed at that time.

### **356B03. SETTLEMENT PROCEDURES**

Delivery under the S&P 500/CITIGROUP Value Index Futures contract shall be by cash settlement.

#### **356B03.A. Final Settlement Price**

The Final Settlement Price shall be a special quotation of the S&P 500/Citigroup Value Index based on the opening prices of the component stocks in the index, determined on the third Friday of the contract month.

If the S&P 500/Citigroup Value Index is not scheduled to be published on the third Friday of the contract month, the Final Settlement Price shall be determined on the first earlier day for which the Index is scheduled to be published.

If the primary market for a component stock in the index does not open on the day scheduled for determination of the Final Settlement Price, then the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the opening price of that stock on the next day that its primary market is open for trading.

If a component stock in the index does not trade on the day scheduled for determination of the Final Settlement Price while the primary market for that stock is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the last sale price of that stock. However, if the President of the Exchange or his delegate determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the President or his delegate may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the opening price of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

#### **356B03.B. Final Settlement**

Clearing members holding open positions in a S&P 500/CITIGROUP Value Index futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation margin procedures based on a settlement price equal to the final settlement price.

### **356B04. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

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

356B05. - 06. [RESERVED]

(End of Chapter 356B)

**INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 356B**

Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P stock indices ("S&P Stock Indices") in connection with the trading of futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Stock Indices.

Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Stock Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Stock Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Stock Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

**Chapter 356C**  
**Options on S&P 500/ CITIGROUP Value Index Futures<sup>1</sup>**

**356C00. SCOPE OF CHAPTER**

This chapter is limited in application to trading in put and call options on the S&P 500/CITIGROUP Value Index futures contract ("S&P 500/CITIGROUP Value Index options"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

**356C01. OPTION CHARACTERISTICS**

**356C01.A. Contract Months, Trading Hours, and Trading Halts**

Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Board of Directors.

There shall be no trading in any option contract when the S&P 500/CITIGROUP Value Index primary futures contract is limit bid or offered at any price limit except at the Total Daily Price Limit on an option's last day of trading.

There shall be no trading in any option contract during a period when trading in the primary futures contract is terminated pursuant to Rule 356B02.I.

For purposes of this rule, the primary futures contract shall be defined as the futures contract trading in the lead month configuration in the pit.

For purposes of this rule, Exchange staff shall have the responsibility of determining whether the primary futures contract is trading at its limit during Regular Trading Hours (RTH). During Electronic Trading Hours (ETH), the determination shall be made by the GLOBEX Control Center.

**356C01.B. Trading Unit**

The trading unit shall be an option to buy, in the case of the call, or to sell in the case of the put, one S&P 500/CITIGROUP Value Index futures contract as specified in Chapter 356B.

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<sup>1</sup> This contract succeeds the S&P Barra Value Index, beginning with March 2006 expirations listed for trading on September 16, 2005



**356C01.C. Minimum Fluctuations**

The price of an option shall be quoted in index points. Each .01 index point (1 basis point) shall represent \$2.5. The minimum fluctuation shall be .10 index points (\$25.00, also known as one tick). Trades may also occur at a price of .05 index points (\$12.50, also known as one-half tick), whether or not such trades result in the liquidation of positions for both parties to the trade. A trade with a price equal to or less than 3.00 index points may also occur at a price in multiples of .05 index points, e.g., .15 index points \$37.50, also known as one and one-half ticks), and 1.95 index points (\$487.50, also known as nineteen and one-half ticks).

**356C01.D. Underlying Futures Contract**

1. Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

2. Options Not in the March Quarterly Cycle

For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

**356C01.E. Exercise Prices**

1. Options in the March Quarterly Cycle

The exercise prices shall be stated in terms of the S&P 500/CITIGROUP Value Index futures contract which is deliverable upon exercise of the option. In the third and fourth-nearest contract months in the March quarterly cycle, the exercise prices shall be an integer divisible by 5 without remainder, e.g., 280, 285, 290, etc. In all other contract months, the exercise prices shall be number divisible by 2.5 e.g., 285, 287.5, 290, etc.

At the commencement of trading for the fourth-nearest contract month in the March quarterly cycle, the Exchange shall list all eligible exercise prices in a range of 20 index points above and below the previous day's settlement price of the underlying futures contract. If any of the foregoing exercise prices are within 2 index points of the settlement price of the underlying futures contract, then the Exchange shall list an additional exercise price at the unoccupied level above (or below) the exercise price that is within 2 index points of the previous day's settlement price. If the previous day's settlement price equals an eligible exercise price, then that exercise price shall be listed also.

Thereafter, for the third and fourth-nearest contract months in the March quarterly cycle, when a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or next lower) exercise price within a 20 index point range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract month becomes the second-nearest contract month in the March quarterly cycle, the Exchange shall add exercise prices at an interval that is a number divisible by 2.5 in a range of 15 index points above and below the previous day's settlement price of the underlying futures contract. If the previous day's settlement price equals an eligible exercise price, then that exercise price shall be listed also, if not previously listed.

Thereafter, and for all other contract months, when a sale, bid, offer, or settlement price, in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or next lower) exercise price within a 15 index point range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Options Not in the March Quarterly Cycle

Upon demand evidenced in the respective options pit, the Exchange shall list put and call options at any exercise price listed for trading in the next March quarterly cycle futures option that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading.

**356C01.F. Position Limits**

No person shall own or control a combination of options and underlying futures contracts that exceeds 20,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series, and a long or short futures-equivalent position in S&P 500/CITIGROUP Value Index futures or options on futures will be considered to be embedded in a long or short futures-equivalent position of S&P 500 Stock Price Index futures or options on futures.

Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

**356C01.G. Accumulation of Positions**

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons action pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

**356C01.H. Exemptions**

The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543 and shall not apply to other option positions exempted pursuant to Rule 543.

**356C01.I. Termination of Trading**

**1. Options in the March Quarterly Cycle**

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

**2. Options Not in the March Quarterly Cycle**

For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the third Friday of the contract month. If that day is not a scheduled Exchange business day, options trading shall terminate on the first preceding business day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

**356C01.J. Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling directive, or law shall be construed to become part of these rules and all open new options contracts shall be subject to such governmental orders.

**356C02. EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the S&P 500/CITIGROUP Value Index options.

**356C02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any business day that the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option in the March quarterly cycle that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the business day following the termination of trading by the clearing member representing the option buyer, be automatically exercised.

In the money options that expire in months other than those in the March quarterly cycle and have not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of the expiration by the clearing member representing the option buyer, be exercised automatically.

**356C02.B. Assignment**

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following business day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

**356C03. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

If exercise or assignment or any precondition or requirement of either is prevented by a strike, fire, accident, act of government or act of God, the seller or buyer shall immediately notify the Exchange President. If the President determines that emergency action may be necessary, he shall call a special meeting of the Board of Directors and arrange for the presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract.

**356C04. -29. [RESERVED]**

**FLEXIBLE OPTIONS**

**356C30. SCOPE OF FLEXIBLE OPTION RULES**

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of this chapter.

**356C31. FLEXIBLE OPTION CHARACTERISTICS**

**356C31.A. Nature of Flexible Contracts**

Flexible options on Standard and Poor's Value Index futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options in the standard options pit or on GLOBEX. Once and if these options are listed for trading as standard options in the standard options pit or on GLOBEX, they will be traded only as standard options in the standard options pit or on GLOBEX subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

**356C31.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of the call, or to sell, in the case of the put, one Standard and Poor's Value Index futures contract as specified in Chapter 356B. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

**356C31.C. Minimum Fluctuations**

(Refer to Rule 356C01.C.—Minimum Fluctuations)

**356C31.D. Underlying Futures Contracts**

The underlying futures contract for a flexible option shall be any Standard and Poor's Value Index futures contract that is currently available for trading, as specified in Chapter 356.

**356C31.E. Exercise Prices**

Exercise prices shall be stated in terms of the Standard and Poor's Value Index futures contract that is deliverable upon exercise of the option and may be at intervals of .10 for all Standard and Poor's Value Index levels from .10 through 999.90, e.g., 285.00, 285.10, 285.20, etc. However, for a Request for Quote (RFQ), strike prices may be stated in .10 Standard and Poor's Value Index points (futures ticks) relative to the underlying futures contract.

**356C31.F. Position Limits**

(Refer to Rule 356C01.F.—Position Limits)

**356C31.G. Accumulation of Positions**

(Refer to Rule 356C01.G.—Accumulation of Positions)

**356C31.H. Exemptions**

(Refer to Rule 356C01.H.—Exemptions)

**356C31.I. Termination of Trading**

Flexible option expiration dates may be specified for any scheduled Exchange business day up to and including the day of determination of the Final Settlement Price of the underlying futures contract. If a flexible option expiration occurs on the same day as the day of determination of the Final Settlement Price of its underlying futures contract, flexible options trading shall terminate at the same time as the underlying futures on the business day immediately preceding the day of determination of the Final Settlement Price of the underlying futures contract. Otherwise, flexible options trading shall terminate at the close of trading on the expiration date specified for the flexible option. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

**356C31.J. Contract Modification**

(Refer to Rule 356C01.J. Contract Modification)

**356C32. EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on S&P Value Index futures.

**356C32.A. Exercise of Flexible Option by Buyer**

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any business day that the option is traded and also on its expiration date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 P.M. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 P.M. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 P.M. on the expiration date by the clearing member representing the option buyer, be exercised automatically.

**356C32.B. Assignment**

(Refer to Rule 356C02.B.—Assignment)

**356C03. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT**

(Refer to Rule 356C03.—EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT)

**356C34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQs will be accepted within fifteen minutes of the daily scheduled closing time of the underlying futures or within fifteen minutes prior to the termination of trading of the underlying futures.

**356C35. RESPONSE TIME INTERVAL**

No trades against the first RFQ submitted for a flexible option series on any trading day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

**356C36. RFQ TRADING INTERVAL**

A flexible option series shall immediately open for trading following the Response Time Interval. Priority for RFQs is determined by order of submission to the RFQ official, except that all RFQs submitted before the open shall be treated equally.

**356C37. EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

**356C38. REPORTING OF FLEXIBLE OPTION TRADES**

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible options pit official in a timely manner, including any later trades in open flexible contract term series.

(End of Chapter 356C)

**INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 356C**

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**CLARIFICATION OF NEW NON-AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE**

Please note that the new non-agricultural option speculative position limit rule supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a gross futures position that exceeds the futures position limit rule if that gross position is part of spread with options, such that the net position across options and futures is less than the applicable limit set in the options rule.