

NYBOT[®]
NYSE COMPOSITE INDEX[®] AND NYSE SMALL COMPOSITE INDEX
FUTURES CONTRACTS

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NYSE COMPOSITE INDEX[®] AND NYSE SMALL COMPOSITE INDEX FUTURES CONTRACTS

Rule 18.00. Scope of Chapter

This Chapter governs Transactions involving contracts for the future delivery of the value of the New York Stock Exchange Composite Index (“NYSE Composite Index[®]”) and Options to buy or sell any NYSE Composite Index Futures Contract. The term “NYSE Composite Index Futures Contract” shall mean a contract for the future delivery of the NYSE Composite Index. The NYSE Composite Index Futures Contracts and the Option on the NYSE Composite Index Futures Contracts, all trading therein shall be subject to the Rules and the Clearing Organization Rules.

Rule 18.01. Obligations of Parties to Contract

(a) The seller under any NYSE Composite Index Futures Contract agrees to sell to the purchaser, and the purchaser agrees to purchase from the seller, \$50 times the NYSE Composite Index in accordance with the Rules and the Clearing Organization Rules.

(b) The seller under any NYSE Small Composite Index Futures Contract agrees to sell to the purchaser, and the purchaser agrees to purchase from the seller, \$5.00 times the NYSE Composite Index in accordance with the Rules of the Exchange and the Rules of the Clearing Organization.

Rule 18.02. Months Traded

(a) Trading in the NYSE Composite Index Futures Contract shall be conducted for delivery in the following months: March, June, September and December.

(b) Trading shall at all times be conducted in no less than four (4) and no more than six (6) delivery months, at the discretion of the Board. Trading in a new delivery month shall be initiated at the opening of trading on the first (1st) Business Day following the Last Trading Day for any delivery month.

Rule 18.03. Price Basis

(a) Prices shall be quoted as figures to two decimal points. The minimum price fluctuation shall be .50 and shall be known as fifty (50) basis points. The dollar value of fifty (50) basis points shall be \$25.00.

(b) Notwithstanding paragraph (a) of this Rule, the dollar value of the minimum price fluctuation in the NYSE Small Composite Index Futures Contract shall be \$2.50.

Rule 18.04. Last Trading Day

The Last Trading Day for any delivery month of NYSE Composite Index Futures Contracts shall be the day which shall be both (i) a business day for both the Exchange and New York Stock Exchange, Inc. and (ii) the Business Day preceding the day of determination of the final Settlement Price for the delivery month. No trades in any NYSE Composite Index Futures Contract which must be settled in any current delivery month shall be made after the close of trading on the Last Trading Day for that delivery month.

Rule 18.05. Final Settlement Price

(a) The final Settlement Price for any delivery month of NYSE Composite Index Futures contracts shall be determined on the day which shall be both (i) a business day for both the Exchange and New York Stock Exchange, Inc., and (ii) the third (3rd) Friday of that delivery month; provided that in the event the third (3rd) Friday of that delivery month is not a business day for both the Exchange and New York Stock Exchange, Inc., the final Settlement Price shall be determined on such preceding day as is a business day for both the Exchange and New York Stock Exchange, Inc.

(b) The final Settlement Price for any such delivery month shall be determined by a special calculation of the NYSE Composite Index based on the opening prices, on the day of determination of such final Settlement Price, of the component stocks in the Index; except that in the event a purchase-an-

sale transaction in any component stock does not take place on the floor of New York Stock Exchange, Inc. on the day of determination of the final Settlement Price, the price to be used for that component stock will be the price (inclusive of such ex-dividend or other adjustments, if any, as New York Stock Exchange, Inc. shall make therein) at which it shall be included in the value of the NYSE Composite Index as first published by New York Stock Exchange, Inc. for that day.

(c) If New York Stock Exchange, Inc. (NYSE) is 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 prices for NYSE stocks.

Rule 18.06. Final Settlement

(a) All settlements must be made through the Clearing Organization.

(b) Final settlement under each NYSE Composite Index Futures Contract for any delivery month shall be made on the Business Day following the day of final Settlement Price determination of that delivery month and shall be made in the same manner and in accordance with the same procedures that payment of variation Margin is made.

(c)(i) The amount to be paid in final settlement of each NYSE Composite Index Futures Contract shall be determined by multiplying \$0.50 times the basis point difference between the Settlement Price of the previous trading day for such contract and the final Settlement Price of the NYSE Composite Index to the nearest .01.

(ii) The amount to be paid in final settlement of each NYSE Small Composite Index Futures Contract shall be determined by multiplying \$.05 times the basis point difference between the Settlement Price of the previous trading day for such contract and the final Settlement Price of the NYSE Composite Index to the nearest .01.

(d) Upon final settlement as provided in this Rule, the parties to NYSE Composite Index Futures Contracts shall have no further obligations hereunder.

Rule 18.07. Delinquency in Performance

If a Clearing Member fails to perform any acts required by this Chapter or by the Clearing Organization, the Clearing Member will be subject to disciplinary action, and the Exchange may assess such Clearing Member for the expenses associated therewith.

Rule 18.08. Daily Price Limits and Trading Halts

Trading in the NYSE Composite Index Futures Contract will be subject to the following:

(a) There shall be price limits corresponding to a 10.0%, 20.0% and 30.0% decline below the previous day's Settlement Price. The 10.0%, 20.0% and 30.0% price limits shall be calculated at the beginning of each calendar quarter, based upon the average Settlement Price of the nearest primary Futures Contract, during the month prior to the beginning of the quarter (denoted as "AP"). The price limits shall be set as follows:

(i) The 10.0% price limit shall be 10% of AP rounded down to nearest integral multiple of 10 index points.

(ii) The 20.0% price limit shall be two times the 10% price limit.

(iii) The 30.0% price limit shall be three times the 10% price limit.

(b) On any Business Day when a general trading halt occurs in NYSE pursuant to NYSE Rule 80B, trading in NYSE Composite Index Futures Contract shall cease until trading resumes when 50% or more of the stocks on NYSE, by capitalization, recommence trading following a trading halt.

(c)(i) Subject to the qualifications set forth in clause (iii) of this paragraph (c), no NYSE Composite Index Futures Contract may be offered, and no Trade in any such contract may occur at a price which is below the previous day's Settlement Price by more than the 10.0% price limit.

(ii) When the Floor Committee determines that, of the various NYSE Composite Index Futures Contracts, the primary Futures Contract has been traded, or is or would be offered, at a price that is equal to or more than the 10% price limit below its previous day's Settlement Price an announcement will be made by the Exchange.

(iii) The price limit restriction provided in subparagraph (c)(i) above shall be in effect for the remainder of the trading day unless:

(A) a Level 1 trading halt has been declared pursuant to NYSE Rule 80B, NYSE trading has resumed, and 50% or more of the stocks on NYSE, by capitalization, have reopened; or

(B) The announcement described in subparagraph (c)(ii) occurs at or after 2:30 p.m. New York time.

If any of these events occur, the price limit restriction set forth in paragraph (d) of this Rule shall be in effect.

(d) No trade in any NYSE Composite Index Futures Contract may occur at a price which is more than 20% below the previous day's Settlement Price.

(e) The price limit in paragraph (d) shall be in effect for the remainder of the trading day unless:

(i) A Level 2 trading halt has been declared pursuant to NYSE Rule 80B, NYSE trading has resumed, and 50 percent or more of the stocks on NYSE, by capitalization, have reopened;

(A) In this event the price limit restriction set forth in paragraph (f) of this Rule shall be in effect for the remainder of the trading day.

(f) Trade in any NYSE Composite Index Futures Contract may occur at a price which is more than 30% below the previous day's Settlement Price.

(g) The price limit restriction set forth in paragraphs (c), (d), (e) or (f) above shall be maintained at an approximate correspondence to the trigger values set forth in NYSE Rule 80B. Whenever a trigger value set forth in NYSE Rule 80B is changed, the Exchange, shall, on notice to its Members, substitute a new price limit restriction in paragraphs (c), (d), (e) or (f) above, which approximately corresponds to such changed trigger value.

Rule 18.09. Clearing Member Reports to Clearing Organization

(a) All Clearing Members shall report to the Clearing Organization not later than 9:00 A.M. of each Business Day, the number of purchases and sales executed on the prior Business Day and the number of each type of NYSE Composite Index Futures Contracts which are open on the Member's books for each delivery month at the close of business on such prior Business Day and said Members shall report the number of purchases and sales in the delivery month executed that day and the number of each type of NYSE Composite Index Futures Contracts which are open on the Member's books for such delivery month at the close of business on such day no later than 5:00 P.M. on that day.

(b) When the account of any Customer (other than an account carried on an omnibus basis) has a long and short position in the same delivery month, only the net position of the Customer in that delivery month will be reported to the Clearing Organization as open interest.

(c) In the case where a long and short position in the same delivery month is carried by a non-Clearing Member of the Exchange for a Customer, it shall be the responsibility of the Carrying Member to advise the Clearing Member that the long and short position is for the account of the same Customer.

In that event, the Clearing Member will not report that position to the Clearing Organization as open interest.

(d) One purpose of this Rule is to enable the Exchange to publish each Business Day the open position in each type of NYSE Composite Index Futures Contracts for each month.

(e) All Members of the Exchange carrying contracts for the account of others must act with diligence in reporting and correcting errors in their positions as reported to the Clearing Organization by Clearing Members or to Clearing Members by Carrying Members.

(f) Clearing Members making corrections in their positions with the Clearing Organization subsequent to the publishing of the daily open positions by the Exchange shall promptly file with the Exchange a statement of the details of such correction, the manner in which the error occurred and, if a Carrying Member be the cause of the error, its name shall be supplied.

OPTION ON NYSE COMPOSITE INDEX FUTURES CONTRACT

Rule 18.21. Obligations of Option Purchasers

(a) The Purchaser which purchases an Option on the Floor shall cause such Option to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Purchaser which clears an Option shall pay in full the Premium to the Clearing Organization in accordance with the Clearing Organization Rules, and shall collect from the Person for whom it clears such Option the full amount of the Premium in accordance with the Rules and the Clearing Organization Rules.

(c) The Purchaser of an Option shall, upon exercising such Option in accordance with the Rules, enter into a long position (in the case of a Call Option) or a short position (in the case of a Put Option) in the Underlying Futures Contract deliverable in the Option Month, at the Strike Price specified in such Option; *provided, however*, that any such contract entered into upon exercise shall be entered into for the account of the Person having purchased the Option.

Rule 18.22. Obligations of Option Grantors

(a) The Grantor which grants an Option on the floor of the Exchange shall cause such Option to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Grantor which clears an Option shall make such Margin deposits as the Clearing Organization may require.

(c) The Grantor of an Option shall, upon being assigned an Exercise Notice by the Clearing Organization, enter into a short position (in the case of a Call Option) or a long position (in the case of a Put Option) in the Underlying Futures Contract deliverable in the Option Month, at the Strike Price specified in such Option; *provided, however*, that any such contract entered into upon assignment of an Exercise Notice shall be entered into for the account of the Person having granted the Option.

Rule 18.23. Effect of Clearance

Upon acceptance of an Option by the Clearing Organization, the Clearing Organization shall be substituted as, and assume the position of, the purchaser to the Clearing Member which is the grantor and the position of the grantor to the Clearing Member which is the purchaser; and thereupon the Clearing Organization shall have all the rights and obligations with respect to such Option as the parties for which it is substituted.

Rule 18.24. Months Traded

(a) Trading in Options shall be conducted in the Option Months in the following cycle:

(i) Quarterly Cycle: March, June, September and December.

(ii) Spot Cycle: January, February, April, May, July, August, October and November.

(b) At least six (6) months closest in time to the current calendar month shall be listed for trading at all times consisting of:

(i) Four (4) consecutive contract months in the Quarterly Cycle; and

(ii) Two (2) consecutive contract months in the Spot Cycle.

(c)(i) Trading in a new Quarterly Cycle month other than Additional Month listings which are governed by paragraph (d), shall commence on the first (1st) Business Day following the listing of the Underlying Futures Contract.

(ii) Trading in a new Spot Cycle month other than Additional Month listings shall commence on the first (1st) Business Day following the expiration of an Option contract month in the same cycle.

(d) The President of the Exchange may list “Additional Months” in either cycle provided that there are no more than eight (8) months listed for trading at any time.

Rule 18.25. Last Trading Day

For Options that expire in the March, June, September and December quarterly cycle, the Last Trading Day is the Last Trading Day of the Underlying Futures Contract. For Options that expire in months that are not part of the quarterly cycle, the Last Trading Day is the third (3rd) Friday of the expiration month.

No trades in Options expiring in the current Option Month shall be made after 4:15 p.m. New York time on the Last Trading Day of such Option Month.

Rule 18.26. Strike Prices

(a) Strike Prices for Options shall be quoted in Points.

(b) Trading shall only be conducted in Options having Strike Prices determined in accordance with this Rule.

(c) Except as the Board may from time to time prescribe otherwise, Options shall be listed for trading with particular Strike Prices for each Option Month as follows:

(i) Strike Prices shall be integers which are evenly divisible by twenty and shall be established as provided in subparagraphs (ii) and (iii).

(ii) On the day Options for any Option Month are first listed for trading pursuant to Rule 18.24, the Exchange will establish Strike Prices as follows:

(A) one (1) Strike Price which is an integer that is (1) evenly divisible by twenty and (2) closest to the Settlement Price of the Underlying Futures Contract on the previous day (or if two such integers are equally close to the Settlement Price, the smaller number);

(B) in the case of Call Options, (1) four (4) Strike Prices at 2000, 4000, 6000 and 8000 points above the Strike Prices established pursuant to subparagraph (c)(ii)(A) and (2) four (4) Strike Prices at 2000, 4000, 6000 and 8000 points below the Strike Price established pursuant to subparagraph (c)(ii)(A);

(C) in the case of Put Options, (1) four (4) Strike Prices at 2000, 4000, 6000 and 8000 points above the Strike Price established pursuant to subparagraph (c)(ii)(A) and (2) four (4) Strike Prices at 2000, 4000, 6000 and 8000 points below the Strike Price established pursuant to subparagraph (c)(ii)(A);

(D) in addition, at the commencement of trading of a Spot Cycle month Option, the Exchange shall list such Spot Cycle Options with all strike prices for Put and Call Options which are then listed for other Options which share the same Underlying Futures Contract month;

(E) in the case of Call and Put Options for the most deferred Option Month, Strike Prices that are integers evenly divisible by two-hundred will be listed in 10,000 point increments with two (2) in-the-money, one at-the-money and two (2) out-of-the-money Strike Prices listed; provided however, that when an Option Month ceases to be the most deferred Option Month, Strike Prices will be established in accordance with subparagraphs (c)(ii)(A), (B) and (C) of this Rule 18.26.

(iii) There shall at all times be listed in consecutive 2000 point increments for trading at least four (4) Call Options with Strike Prices above the previous day's settlement price of the Underlying Futures Contract, and at least four (4) Call Options with Strike Prices below the previous day's settlement price of the Underlying Futures Contract, at least four (4) Put Options with Strike Prices above the previous day's Settlement Price of the Underlying Futures Contract, and at least four (4) Put Options with Strike Prices below the previous day's Settlement Price of the Underlying Futures Contract. If on any day the Underlying Futures Contract settles at a price such that there are not at least the required number of Options listed for trading as provided in the first (1st) sentence of this subparagraph (c)(iii), then at the opening of trading on the next Business Day, one (1) or more additional Options shall be listed for trading, at Strike Prices 2000 points above or below the highest or lowest Strike Price, respectively, then listed for trading, as may be required to assure that the Options required pursuant to the first (1st) sentence of this paragraph (c)(iii) are listed for trading.

(iv) Notwithstanding paragraph (c)(iii) of this Rule, in the most deferred month only, there shall be listed at all times at least two (2) strike prices above and two (2) strike prices below the previous day's Settlement Price of the Underlying Futures Contract for both Put and Call Options at 10,000 point increments. If on any day the Underlying Futures Contract settles at a price such that there are not at least two Strike Prices listed for trading above and below that Settlement Price, then on the next Business Day, one (1) or more additional Options shall be listed for trading at 10,000 points above or below the highest or lowest Strike Price, respectively, then listed for trading, as may be required to assure that the Options required pursuant to the first (1st) sentence of this paragraph (c)(iv) are listed for trading.

(d) An Option having a particular Strike Price shall be delisted if for ten (10) consecutive trading days no transaction is executed, and there is no open position, in such Option; provided, however, that no Option shall be so delisted if it has an Strike Price which is at any of the prescribed levels above or below the prices of the Underlying Futures Contract on the previous trading day.

(e) Any Option which has been so delisted shall thereafter be re-listed at any time any such Option has an Strike Price which is at any of the prescribed levels above or below the prices for the Underlying Futures Contract on the previous trading day.

(f) In addition to the Strike Prices authorized above, the President of the Exchange may direct that additional Strike Prices be added. Such directed strike prices ("DSPs") may be added provided that they may only be listed in whole index points or multiples thereof. Such DSPs shall be effective upon adoption.

Rule 18.27. Premium Quotations

Premiums for Options shall be quoted in points, with each point equal to \$0.50. The minimum price fluctuation in premiums shall be fifty (50) points; provided, however, that when a transaction liquidates an existing Option position and the premium is not more than fifty (50) points, the minimum permissible price fluctuation shall be ten points, or \$5.00.

Rule 18.28. Exercise

(a) All exercises of Options shall be made through the Clearing Organization, in accordance with the Rules and the Clearing Organization Rules.

(b) Any customer which has an open long position in Options on any day the Option is traded may submit an Exercise Notice to its Clearing Member with respect to each open position not later than 6:00 P.M. New York time on any Business Day. Any Clearing Member which has, or carries accounts for others which have, an open long position in Options on any day the Option is traded may issue an Exercise Notice with respect to each open position not later than 8:00 P.M. New York time on any Business Day. In each instance in which on the Last Trading Day there is an open long position in an Option for which (1) the Strike Price is less in the case of a Call Option, or greater, in the case of a Put

Option, than the final Settlement Price on the day following the Last Trading Day of the Underlying futures contract with respect to Option Months coinciding with delivery months for the Futures Contract, or (2) the Strike Price is less in the case of a Call Option, or greater, in the case of a Put Option, than the Settlement Price of the Underlying Futures Contract on the Option's Last Trading Day with respect to Option Months not coinciding with delivery months for the Futures Contract, the Options comprising such open long position shall be automatically exercised unless written instructions to do otherwise shall be received by the Clearing Organization.

(c) By 8:45 A.M. of the Business Day following receipt of Exercise Notices, the Clearing Organization shall allocate such Exercise Notices among Clearing Members which have, or which carry accounts for others which have, open short positions in Options at the close of trading on the preceding Business Day. The Clearing Organization shall give any such Clearing Member notice of exercise of each Option, in accordance with the Clearing Organization Rules.

(d) Upon exercise of any Option, the Clearing Organization will make book entries to change the Underlying Futures Contract and Option positions carried by the Clearing Member exercising an Option pursuant to paragraph (b) of this Rule and the Clearing Member assigned any Exercise Notice pursuant to paragraph (c) of this Rule. Any Exercise Notice received after 8:00 P.M. on any Business Day except the Expiration Day shall be considered as being received the next Business Day. Any Option for which an Exercise Notice is not received by the Clearing Organization by 8:00 P.M. on the Last Trading Day, or is not exercised automatically pursuant to paragraph (b) of this Rule, shall expire at that time.

(e) Any Clearing Member that exercises an Option pursuant to paragraph (b) of this Rule and any Clearing Member that is assigned an exercise notice pursuant to paragraph (c) of this Rule on any day, must deposit any initial Margin and variation Margin required for the Underlying Futures Contract before such time as may be prescribed by the Clearing Organization Rules.

(f) Options shall not be transferred, assigned or otherwise disposed of other than on the Exchange, subject to the Rules and the Clearing Organization Rules.

Rule 18.29. Delinquency in Performance

If a Clearing Member fails to perform any acts required by this Chapter, the Clearing Member will be subject to disciplinary action, and the Exchange may assess such Clearing Member for the expenses associated therewith.

Rule 18.30. Trading Halts

(a) Trading in Options (i) shall cease at such time as trading in NYSE Composite Index Futures Contracts shall cease pursuant to Rule 18.08 and (ii) shall resume at such time as trading in NYSE Composite Index Futures Contracts shall resume pursuant to Rule 18.08.

(b) Upon any announcement by the Exchange that the Floor Committee has determined that a price limit restriction set forth in Rule 18.08 or a trading halt set forth in Rule 18.08 is then affecting trading in NYSE Composite Index Futures Contracts, (except on the Last Trading Day in an Option) no trade may occur until the Exchange shall announce that the Floor Committee has determined that such price limit restriction or trading halt is no longer affecting trading in NYSE Composite Index Futures Contracts.

(c) On the Last Trading Day in an Option, the trading restriction provided in paragraph (b) above shall not apply.

Rule 18.31. Clearing Member Reports to Clearing Organization

(a) All Members of the Exchange, who are members of the Clearing Organization, shall report to the Clearing Organization, not later than 7:00 P.M. on each Business Day, the total number of open long Options and the total number of open short Options, in each Option Series, carried by the Clearing Member as of the close of business on the Business Day.

(b) When the account of any Customer (other than an account carried on an omnibus basis) has a long and short position in the same Option Series, only the net position of the Customer in that Option Series will be reported to the Clearing Organization, as open interest.

(c) In the case where a long and short position in the same Option Series is carried by a non-Clearing Member of the Exchange for a Customer, it shall be the responsibility of the Carrying Member to advise the Clearing Member that the long and short position is for the account of the same Customer. In that event, the Clearing Member will not report that position to the Clearing Organization, as open interest.

(d) All Members of the Exchange carrying Commodity Contracts for the account of others must act with diligence in reporting and correcting errors in their positions as reported to the Clearing Organization by Clearing Members or to Clearing Members by Carrying Members.

(e) Clearing Members making corrections in their positions with the Clearing Organization subsequent to the publishing of the daily open positions by the Exchange shall promptly file with the Exchange a statement of the details of such correction, the manner in which the error occurred and, if a Carrying Member be the cause of the error, its name shall be supplied.