

Chapter 351

Standard and Poor's 500 Stock Price Index™ Futures

35100. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in the Standard and Poor's 500 Stock Price Index. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

35101. COMMODITY SPECIFICATIONS ¹

Each futures contract shall be valued at \$250.00 times the Standard and Poor's 500 Stock Price Index. The Standard and Poor's Stock Price Index is a value-weighted composite index of 500 stocks.

35102. FUTURES CALL

35102.A. Trading Schedule ²

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.

35102.B. Trading Unit ³

The unit of trading shall be \$250.00 times the Standard and Poor's 500 Stock Price Index.

35102.C. Price Increments ⁴

Bids and offers shall be quoted in terms of the Standard and Poor's 500 Stock Price Index. The minimum fluctuation of the futures contract shall be 0.10 index points, equivalent to \$25.00 per contract.

35102.D. Position Limits ⁵

A person shall not own or control more than 20,000 contracts net long or net short in all contract months combined. For positions involving options on Standard and Poor's 500 Stock Price Index futures, this rule is superseded by the option speculative position limit rule.

35102.E. Accumulation of Positions ⁶

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.

35102.F. Exemptions ⁷

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, (2) other positions exempted pursuant to Rule 543, and (3) cash-substitute positions described in Rule 35106.

35102.G. Termination of Trading ⁸

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

35102.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.

¹ Revised December 1983; October 1997.

² Revised December 2001.

³ Revised October 1997.

⁴ Revised October 1997.

⁵ Revised June 1986; June 1993; October 1997.

⁶ Revised September 1986.

⁷ Revised October 1987; September 1988.

⁸ Revised June 1983 effective with June 1984 and subsequent contracts; Revised February 1987.

35102.I. Price Limits, Trading Halts, and/or Trading Hours¹

Daily price limits and trading halts of the S&P 500 Stock Price 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 10.0%, 20.0% and 30.0% decline below the Settlement Price of the preceding RTH session calculated as provided below.

The 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 10 index points
20.0% Price Limit	equals	2 times the 10.0% Price Limit
30.0% Price Limit	equals	3 times the 10.0% Price Limit

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 a corresponding limit for the E-mini S&P 500 futures contract ceases to apply, pursuant to Rule 35802.I. If a two-minute trading halt follows for the E-mini S&P 500 futures contract, trading in S&P 500 futures 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.

When the primary futures contract is limit offered at the 20.0% Price Limit, a 10-minute period shall commence, that limit shall apply until a corresponding limit for the E-mini S&P 500 futures contract ceases to apply, pursuant to Rule 35802.I. If a two-minute trading halt follows for the E-mini S&P 500 futures contract, trading in S&P 500 futures also shall terminate for that two-minute period, after which time the market shall reopen. The 30% Price Limit shall apply to such reopening and shall represent the Total Daily Price Limit.

Trading Halts: If there is an NYSE Rule 80B trading halt declared in the primary securities market, trading shall be halted. Once trading in the primary securities market resumes after an NYSE Rule 80B trading halt, trading on the S&P 500 Index futures contract shall resume.

If an NYSE Rule 80B trading halt becomes inapplicable, the corresponding Price Limit shall likewise become inapplicable. E.g., if an NYSE Rule 80B trading halt, triggered by a 10% or a 20% decline in the Dow Jones Industrial Average, has been declared in the primary securities market, and trading in the primary securities market has recommenced, then the 10.0% or 20.0% Price Limits shall become inapplicable, respectively. E.g., when the NYSE Rule 80B 10.0% price limit provisions are suspended after 2:30 p.m. Eastern time, then the 10.0% Price Limit shall become inapplicable. Trading on the S&P 500 Index futures contract shall continue and the next applicable Price Limit shall apply.

Opening Time²: If either a trading halt was in effect or the primary futures contract was locked at a limit at the close of trading, then the opening time of trading on GLOBEX shall be delayed until 6:00 p.m.

¹ Adopted January 1988; effective March 28, 1988; Revised March 1988; October 1988; June 1990; December 1990; December 1992; June 1993; October 1994; July 1996; February 1997; October 1997; February 1998; April 1998; January 1999; November 2000; May 2001, December 2007, January 2008.

² Adopted April 1988; Revised June 1990; February 1997; April 1998; April 2001; May 2001. Renumbered July 1996, December 2007; January 2009.

During Electronic Trading Hours (ETH), there shall be no trading of S&P 500 futures at a price more than the 5.0% Price Limit above or below the Reference RTH Price. If the market is limit bid or limit offered fifteen (15) minutes prior to the opening of the RTH, and remains limit bid or limit offered five (5) minutes prior to the opening of the RTH, there shall be a trading halt in effect until the commencement of Regular Trading hours (RTH). During the trading halt, the Exchange shall provide an indicative opening price for the re-opening of trading on GLOBEX, if applicable, pursuant to Rule 573. Once RTH commences, the next applicable trading limit shall be in effect.

35103. SETTLEMENT PROCEDURES

Delivery under the Standard and Poor's 500 Stock Price Index Futures contract shall be by cash settlement.

35103.A. Final Settlement Price ¹

The Final Settlement Price shall be a special quotation of the Standard & Poor's 500 Stock Price Index based on the opening prices of the component stocks in the index, determined on the third Friday of the contract month.

If the Standard & Poor's 500 Stock Price 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.

35103.B. Final Settlement ²

Clearing members holding open positions in a Standard and Poor's 500 Stock Price 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 performance bond procedures based on a settlement price equal to the final settlement price.

35104. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

35105. FAILURE TO PERFORM

If a clearing member fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform, which may be punishable as a major violation. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.

35106. CASH-SUBSTITUTE POSITIONS ³

For purposes of this rule, the term "cash-substitute positions" means long positions which are economically appropriate to the management of risks in the conduct and management of a commercial enterprise engaged substantially in the cash equities market, and whose underlying commodity value does not exceed the sum of:

¹ Adopted June 1993. Revised September 1993; December 1999; December 2001.

² Revised June 1992.

³ Adopted October 1987. Revised February 1998.

1. Cash set aside in an identifiable manner, or unencumbered short-term U.S. Treasury obligations or other U.S. dollar denominated, high-quality, short-term debt instruments so set aside, plus any funds deposited as performance bond on such positions; and ¹
2. Accrued profits on such positions held at the futures commission merchant.

A clearing member shall not carry a cash-substitute account which by itself or in accumulative total with other accounts of the owner exceeds the speculative position limits of Chapter 351, unless the President approves and unless the applicant has applied to the Division of Market Regulation on forms provided by the Exchange, wherein he requests a maximum number of positions, fully explains the nature and extent of his business, and states under oath that: ²

1. The intended positions will be cash-substitute positions.
2. The positions are kept in a special account on the books of a clearing member.
3. The prospective applicant will comply with whatever limitations are applied by the Exchange with regard to said positions.
4. The applicant agrees to submit immediately a supplemental statement explaining any change in circumstances affecting his position.
5. The applicant complies with all other Exchange rules and requirements.
6. The positions are moved in an orderly manner in accordance with sound commercial practices, and are not initiated or liquidated in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes. The applicant does not use said positions in an attempt to violate or avoid Exchange rules, or otherwise impair the good name or dignity of the Exchange.

The President shall, on the basis of the applicant and supplemental information which the Exchange may request, determine whether the positions shall be approved as cash-substitute positions. The President may impose such limitations as are commensurate with the liquidity of the markets and with the applicant's business needs, financial ability and personal integrity. The President and the Business Conduct Committee may, from time to time, review approvals and, for cause, revoke said approvals or place limitations thereon.

The applicant may appeal any decision of the President or the Business Conduct Committee to the Board.

The applicant shall be exempt from emergency orders reducing speculative limits or restricting trading but only to the extent provided in such order and only if the approvals required by this rule are secured by the applicant.

(End Chapter 351)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 351

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¹ Revised June 1992.

² Revised February 1998.

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