

CHAPTER 375
PIMCO[®] StocksPLUS Total ReturnSM TRAKRSSM

37500. SCOPE OF CHAPTER

This chapter is limited in application to trading in PIMCO[®] StocksPLUS Total ReturnSM TRAKRSSM ("PIMCO SPTR TRAKRS"). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

37501. COMMODITY SPECIFICATIONS**37501.A. Underlying Index**

PIMCO SPTR TRAKRS are based upon the value of \$1 times the PIMCO StocksPLUS Total Return TRAKRS IndexSM (the "Index"), which tracks the PIMCO StocksPLUS Total Return Master Index (the "PIMCO Master Index"). The PIMCO Master Index is a total return index that represents the performance of a portfolio with a target allocation of 100% notional exposure to each of the total return of the S&P 500 and the PIMCO Total Return Collateral Index, subject to the Financing Rate Component (as defined below). The PIMCO Master Index will be calculated based on the total return value of the S&P 500 and the value of the PIMCO Total Return Collateral Index less the Financing Rate Component. The notional exposure to the S&P 500 and the PIMCO Total Return Collateral Index will be rebalanced monthly in order to maintain full exposure to each component index. The notional amount underlying the Financing Rate Component will be reset accordingly. Both the Index and the PIMCO Master Index will be subject to certain fees and expenses, as described herein.

The S&P 500 is a market-capitalization weighted index of common stocks which reflects price changes in the component stocks. The total return of the S&P 500 includes the dividend yield on the underlying stocks. The PIMCO Total Return Collateral Index is an index that represents the performance of one or more qualified separate accounts actively managed by Pacific Investment Management Company LLC ("PIMCO") (the "PIMCO Separately Managed Accounts" or "Accounts"). At present, only one Account is expected to satisfy the criteria for inclusion in the PIMCO Total Return Collateral Index. However, additional separate accounts managed by PIMCO may be added in the future, if other accounts satisfy these criteria. The PIMCO Separately Managed Accounts will consist of Exempt Securities and other Permissible Instruments. The Financing Rate Component is a structural cost component that reflects the assumed financing cost associated with obtaining full exposure to each component index of the PIMCO Master Index.

37501.B. Calculation of the Index Value

The value of the Index, at any given time, will equal the product of the PIMCO Master Index and the Multiplier, plus the Amortizing Expense Factor.

On November 1, 2006 (the Business Day prior to the first full day of trading of PIMCO SPTR TRAKRS), the value of the Index will be set at 25.00. The Calculation Agent will determine the Multiplier on November 1, 2006, so that the product of the closing price of the PIMCO Master Index and the Multiplier will equal 25.00.

37501.C. Financing Rate Component

The PIMCO Master Index will be calculated in reference to full notional exposure to both the total return of the S&P 500 and the PIMCO Total Return Collateral Index less the Financing Rate Component. The Financing Cost Component is a structural cost component that reflects the application of a money-market based interest rate (the "Financing Rate") to the notional amount deemed invested in the PIMCO Master Index, which is reset monthly. The Financing Rate will be equal to LIBOR with a designated maturity of one month plus 0.33%.

37501.D. Index Expense Factor

The Index Expense Factor shall be 1.13% per annum. Each day, the Index Expense Factor will be applied to the Multiplier *pro rata* based on a 365-day year. The daily application of the Index Expense Factor will reduce the Multiplier, which will, in turn, reduce the value of the Index on a daily basis. The Index Expense Factor will equal the sum of the Spread, the TRAKRS Platform Fees and the Estimated Index Replication Fees.

37501.E. Spread

The Spread shall be 0.00% per annum.

37501.F. TRAKRS Platform Fees

TRAKRS Platform Fees shall be 1.08% per annum.

37501.G. Index Replication Fees

Index Replication Fees shall be 0.05% per annum.

37501.H. Collateral Index Fee

The Collateral Index Fee shall be 0.21% per annum. Each day, the Collateral Index Fee will be applied to each PIMCO Separately Managed Account pro rata based on a 365-day year. The daily application of the Collateral Index Fee will reduce the returns on each PIMCO Separately Managed Account, which will, in turn, reduce the value of the PIMCO Total Return Collateral Index and the Index on a daily basis.

37501.I. Amortizing Expense Factor

The Amortizing Expense Factor shall be 2% of the initial Index value of PIMCO SPTR TRAKRS (i.e., \$0.50) and will be deducted from the Index over the 90-day period beginning November 2, 2006. The Index will be reduced each day of such 90-day period by an amount equal to \$0.005556

37501.J. Daily Amortizing Expense Factor Payment

Each trading day during the 90-day period beginning November 2, 2006, each institutional customer (other than an electing institutional customer) or non-institutional customer holding a short position in PIMCO SPTR TRAKRS will be required to pay its clearing FCM an amount equal to the Amortizing Expense Factor divided by 90 days, applied to the initial Index value (the "Daily Amortizing Expense Factor Payment"), multiplied by the number of short PIMCO SPTR TRAKRS held by the customer).

Each FCM that maintains short PIMCO SPTR TRAKRS positions will in turn pay the Daily Amortizing Expense Factor Payment allocable to that FCM (based on the number of short PIMCO SPTR TRAKRS the clearing FCM maintains) to the CME Clearing House. The CME Clearing House will then pay each clearing FCM that maintains long PIMCO SPTR TRAKRS positions (based on the amount of long PIMCO SPTR TRAKRS the clearing FCM maintains) the portion of the Daily Amortizing Expense Factor Payment allocable to that FCM.

Each institutional customer (other than an electing institutional customer) holding long PIMCO SPTR TRAKRS positions will be entitled to receive this amount from its FCM, based on the amount of long PIMCO SPTR TRAKRS held by the institutional customer.

An electing institutional customer or a non-institutional customer holding long PIMCO SPTR TRAKRS positions will not be entitled to receive this amount from its FCM.

37502. FUTURES CALL**37502.A. Schedule**

The Exchange shall list a single contract month in PIMCO SPTR TRAKRS futures. The final settlement date shall be October 26, 2011. Futures contracts shall be scheduled for trading during such hours as may be determined by the Board of Directors.

37502.B. [Reserved]**37502.C. Minimum Increments**

Bids and offers shall be quoted in terms of the PIMCO SPTR TRAKRS Index. The minimum fluctuation of the futures contract shall be 0.01 index point, equivalent to \$0.01 per TRAKRS futures contract.

37502.D. Position Limits

A person shall not own or control more than 22,000,000 contracts net long or net short.

37502.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.

37502.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, (2) other positions exempted pursuant to Rule 559, and (3) cash-substitute positions described in Rule 37506.

37502.G. Termination of Trading

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

37502.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.

37502.I.-J. [Reserved]

37502.K. Special Opening Procedures

Special Opening Procedures shall be employed to facilitate an orderly market in PIMCO SPTR TRAKRS futures. These Special Opening Procedures shall be conducted during a Special Marketing Period. This Special Marketing Period shall commence on the Commencement Date of October 3, 2006; and, shall culminate in a Special Opening at 10:00 a.m. (Chicago time) on the Initial Open Date of November 1, 2006.

During the Special Marketing Period, FCMs and notice-registered BDs per Rule 37504.B. may solicit customer orders to buy or sell PIMCO SPTR TRAKRS futures at a specified limit bid price or limit offer price, respectively. The Special Marketing Period shall conclude at 10:00 a.m. (Chicago time) on the Initial Open Date. Clearing Members shall report their limit buy and limit sell orders to the Exchange in a manner and format specified by the Exchange by 10:00 a.m. (Chicago time) on the Initial Open Date.

The Exchange shall thereupon match purchase and sale orders based upon an Allocation Algorithm and report such matches to Clearing Members. The Exchange shall match buy orders to sell orders prioritized by sell price. At each sell price at which buy orders will be matched, buy orders with limit prices equal to or greater than the sell price shall be allocated on a pro rata basis. If multiple sell orders are received at the same limit price, and the total sell order quantity exceeds the total buy order quantity that may be matched at that price, the allocation of orders shall be made on a pro rata basis by reference to the quantities associated with such orders, subject to the restriction that all sell orders at that price are filled before a proprietary sell order of Merrill Lynch, if any.

The Exchange reserves the authority to limit the size of the open interest created as a result of these Special Opening Procedures. The Exchange further reserves the authority to delay the Initial Open Date if it determines in its discretion that market conditions are not conducive to an orderly opening.

The Initial Index Value shall be established at 25.00 Index Points on November 1, 2006.

Subsequent to the conclusion of these Special Opening Procedures, trading shall be conducted on the CME[®] Globex[®] electronic trading platform per the Rules of the Exchange, commencing November 2, 2006.

37503. DELIVERY

Delivery of PIMCO SPTR TRAKRS futures shall be by cash settlement.

37503.A. Final Settlement Price

The Final Settlement Date shall be October 26, 2011.

The Final Settlement shall be equal to \$1.00 multiplied by the Final Index Value. The Final Index Value shall be equal to the weighted average of five Final Closing Prices that are determined over the course of five Business Days from October 20, 2011 through October 26, 2011 (or if necessary, an extended period) (the "Final Price Determination Period").

If all five Final Closing Prices have not become available as of Final Settlement Date, the Calculation Agent will identify the Final Settlement Price after five Final Closing Prices do become available over the next 15 Business Days. If five Final Closing Prices do not become available over the next 15 Business Days, then, in order to identify the Final Settlement Price, the Calculation Agent will determine the outstanding Final Closing Prices in its sole discretion.

37503.B. Delivery

Clearing members holding open positions in PIMCO SPTR TRAKRS futures 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.

37503.C. [Reserved]

37503.D. Early Termination

If the value of the Index should at any time equal zero or less, trading in PIMCO SPTR TRAKRS futures shall be discontinued and all outstanding contracts shall be settled in cash at a value of zero (\$0.00) per contract.

37504. FLOW OF FUNDS

37504.A. Customers

For purposes of this Rule, "Institutional Customers" are market participants that (1) qualify as Qualified Institutional Buyers ("QIBs") under Rule 144A promulgated under the Securities Act of 1933, as amended; and, (2) CME members registered as floor brokers or floor traders. "Non-Institutional Customers" are market participants that do not qualify as Institutional Customers as defined herein.

Institutional Customers who place orders with a Registered Representative ("RR") of a securities Broker-Dealer ("BD") that is notice registered with the National Futures Association ("NFA") as a limited purpose Futures Commission Merchant ("LP/FCM"); or, an entity that is dually registered as a BD and FCM ("BD/FCM"), and maintaining such resulting positions in a securities account, as described in Rule 37504.B., Qualified Intermediaries, shall be referred to as an "Electing Institutional Customer."

37504.B. Qualified Intermediaries

Institutional and Non-Institutional Customers may place PIMCO SPTR TRAKRS orders with (1) an Associated Person ("AP") of a registered Introducing Broker ("IB") or Futures Commission Merchant ("FCM"), such resulting positions to be maintained in a futures account; or (2) a Registered Representative ("RR") of a securities Broker-Dealer ("BD") that is notice registered with the National Futures Association ("NFA") as a limited-purpose FCM ("LP/FCM") or an entity that is dually registered as a BD and FCM ("BD/FCM"), such resulting positions to be maintained in a securities account.

37504.C. Interest Rate Pass-Through

Each trading day after the determination of the daily Settlement Price, each clearing FCM that maintains long PIMCO SPTR TRAKRS positions will be required to pay the CME Clearing House (based on the amount of long PIMCO SPTR TRAKRS the clearing FCM maintains multiplied by the PIMCO SPTR TRAKRS Settlement Price) a daily market rate of interest equal to the Federal Funds Effective Rate less the Spread. The CME Clearing House in turn will pay each clearing FCM that maintains short PIMCO SPTR TRAKRS positions (based on the amount of short PIMCO SPTR TRAKRS the clearing FCM maintains multiplied by the PIMCO SPTR TRAKRS Settlement Price), a daily market rate of interest equal to the Federal Funds Effective Rate less the sum of the Spread and the TRAKRS Platform Fees.

If, on any day, the Federal Funds Effective Rate is less than the sum of the TRAKRS Platform Fees and the Spread, then each clearing FCM that maintains short PIMCO SPTR TRAKRS positions will be required to pay to the CME Clearing House (based on the amount of short PIMCO SPTR TRAKRS the clearing FCM maintains multiplied by the PIMCO SPTR TRAKRS Settlement Price) a daily market rate of interest equal to the sum of the TRAKRS Platform Fees and the Spread less the Federal Funds Effective Rate. If the Federal Funds Effective Rate is less than the Spread, the CME Clearing House in turn will pay each clearing FCM that maintains long PIMCO SPTR

TRAKRS positions (based on the amount of long PIMCO SPTR TRAKRS the clearing FCM maintains multiplied by the PIMCO SPTR TRAKRS Settlement Price) a daily market rate of interest equal to the Spread less the Federal Funds Effective Rate.

Each trading day after the determination of the daily Settlement Price, each Institutional Customer (other than an Electing Institutional Customer) holding long PIMCO SPTR TRAKRS positions will be required to pay its FCM, based on the amount of long PIMCO SPTR TRAKRS held by such Institutional Customer multiplied by the PIMCO SPTR TRAKRS Settlement Price, a daily market rate of interest equal to the Federal Funds Effective Rate less the Spread, which the clearing FCM will pass on to the CME Clearing House. If the Federal Funds Effective Rate is less than the Spread, the CME Clearing House in turn will pay to each short clearing FCM for Institutional Customers a daily market rate of interest equal to the Federal Funds Effective Rate less the sum of the Spread and the TRAKRS Platform Fees and each Institutional Customer (other than an Electing Institutional Customer) holding short PIMCO SPTR TRAKRS positions will be entitled to receive this amount from its FCM, based on the amount of short PIMCO SPTR TRAKRS held by such Institutional Customer multiplied by the PIMCO SPTR TRAKRS Settlement Price.

If, on any day, the Federal Funds Effective Rate is less than the sum of the TRAKRS Platform Fees and the Spread then each Institutional Customer (other than an Electing Institutional Customer) holding short PIMCO SPTR TRAKRS positions will be required to pay its FCM (based on the amount of short PIMCO SPTR TRAKRS held by such Institutional Customer multiplied by the PIMCO SPTR TRAKRS Settlement Price) a daily market rate of interest equal to the sum of the TRAKRS Platform Fees and the Spread less the Federal Funds Effective Rate, which the clearing FCM will pass on to the CME Clearing House. The CME Clearing House in turn will pay to each long clearing FCM for Institutional Customers (other than Electing Institutional Customers) a daily market rate of interest equal to the Spread less the Federal Funds Effective Rate, and each Institutional Customer (other than an Electing Institutional customer) holding long PIMCO SPTR TRAKRS positions will be entitled to receive this amount from its FCM, based on the amount of long PIMCO SPTR TRAKRS held by such Institutional Customer multiplied by the PIMCO SPTR TRAKRS Settlement Price.

Long Non-Institutional Customers and long Electing Institutional Customers are not responsible for paying, and short Non-Institutional and Electing Institutional Customers are not entitled to receive, this interest rate pass-through; although the long clearing FCM (or, if the Federal Funds Effective Rate is less than the Spread, the short clearing FCM) is still responsible for paying the interest payment, which is passed-through by the CME Clearing House to the short clearing FCM (or, if applicable, the long clearing FCM).

The CME Clearing House will determine all such interest rate pass-through amounts.

37504.D. Federal Funds Effective Rate

The "Federal Funds Effective Rate," for any day, shall mean the most recently available closing daily overnight Federal funds rate as determined by the Federal Reserve.

37504.E. Performance Bond

Non-Institutional Customers purchasing PIMCO SPTR TRAKRS, maintained in a futures account or a securities account, shall deposit 100% of the purchase price with their long clearing member. Non-Institutional Customers selling PIMCO SPTR TRAKRS, maintained in a futures account or a securities account, shall deposit 50% of the sale price with their short clearing member.

Electing Institutional Customers purchasing PIMCO SPTR TRAKRS, maintained in a securities account, shall deposit 100% of the purchase price with their long clearing member. Electing Institutional Customers selling PIMCO SPTR TRAKRS, maintained in a securities account, shall deposit 50% of the sale price with their short clearing member.

Institutional Customers purchasing or selling PIMCO SPTR TRAKRS, maintained in a futures account, shall be subject to the performance bond requirements established by the Exchange and their FCMs.

37504.F. Settlement Variation

Non-Institutional Customers that purchase PIMCO SPTR TRAKRS, maintained in a futures account or a securities account, shall not be subject to variation margin procedures nor shall they pay or collect settlement variations with respect to their PIMCO SPTR TRAKRS positions.

Non-Institutional Customers that sell PIMCO SPTR TRAKRS, maintained in a futures account or a securities account, shall be subject to variation margin pay and collect requirements per the following conditions. If the settlement price advances such that a Non-Institutional Customer's performance bond is less than 30% of the current PIMCO SPTR TRAKRS value, the Non-Institutional Customer shall be required to make a variation margin payment to restore the performance bond to 50% of the current PIMCO SPTR TRAKRS value. If the settlement price declines such that a Non-Institutional Customer's performance bond is greater than 70% of the current PIMCO SPTR TRAKRS value, the Non-Institutional Customer shall be entitled to collect a variation margin payment to restore the performance bond to 50% of the current PIMCO SPTR TRAKRS value.

Electing Institutional Customers that purchase PIMCO SPTR TRAKRS, maintained in a securities account, shall not be subject to variation margin procedures nor shall they pay or collect settlement variations with respect to their PIMCO SPTR TRAKRS positions.

Electing Institutional Customers that sell PIMCO SPTR TRAKRS, maintained in a securities account, shall be subject to variation margin pay and collect requirements per the following conditions. If the settlement price advances such that an Electing Institutional Customer's performance bond is less than 30% of the current PIMCO SPTR TRAKRS value, the Electing Institutional Customer shall be required to make a variation margin payment to restore the performance bond to 50% of the current PIMCO SPTR TRAKRS value. If the settlement price declines such that an Electing Institutional Customer's performance bond is greater than 70% of the current PIMCO SPTR TRAKRS value, the Electing Institutional Customer shall be entitled to collect a variation margin payment to restore the performance bond to 50% of the current PIMCO SPTR TRAKRS value.

Institutional Customers that purchase or sell PIMCO SPTR TRAKRS, maintained in a futures account, shall be subject to normal variation margin procedures.

37505. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

37506. CASH-SUBSTITUTE POSITIONS

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. 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
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 40, 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:

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 375)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 375

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NEITHER PIMCO NOR ANY OF ITS AFFILIATES GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE PIMCO TOTAL RETURN COLLATERAL INDEX OR ANY DATA RELATED

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