



Special Executive Report

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December 13, 2007

HARMONIZING CBOT STOCK INDEX TRADING HOURS AND PRICE LIMIT POLICIES ON SUNDAY, JANUARY 12, 2008

Effective on Sunday, January 12, 2008, for trade date of Monday, January 13, 2008, new Regular Trading Hours (RTH) and new Electronic Trading Hours (ETH) of legacy CBOT stock index futures and options will be harmonized with legacy CME stock index futures and options. Further, daily price limit Rules of legacy CBOT stock index futures will also be harmonized.

Trading Hours – The changes of the RTH and ETH of legacy CBOT stock index futures and options incorporate several principles as follows:

- CBOT DJIA Index (\$10 Multiplier) Futures and Options on Futures will trade on the CME Globex[®] electronic trading platform on Mondays to Thursdays from 3:30 p.m.- 4:30 p.m. and 5:00 p.m. – 8:15 a.m. next day; Shut down period from 4:30 p.m. - 5:00 p.m.; Sunday and Holidays trading begins from 5:00 p.m. - 8:15 a.m. next day; Trade during RTH on Monday to Friday from 8:30 a.m. - 3:15 p.m.
- CBOT DJIA Index (\$25 Multiplier) Futures, CBOT DJIA Index (\$5 Multiplier) Futures and Options on Futures, and CBOT Dow Jones US Real Estate Index Futures will trade on CME Globex on Monday to Thursday from 5:00 p.m. - 3:15 p.m. next day and 3:30 p.m. - 4:30 p.m.; Shut down period from 4:30 p.m. - 5:00 p.m.; Sunday and Holidays trading begins from 5:00 p.m. - 3:15 p.m. next day.

Summarizing Current and Proposed Hours

	Current		Proposal	
	Floor	Electronic	Floor	Electronic
\$5 Dow Futures and Options	n/a	6:15 p.m. to 4:00 p.m. next day	n/a	Mon/Thu 3:30 p.m. to 4:30 p.m. and 5:00 p.m. to 3:15 p.m. next day, shut down period 4:30 p.m. to 5:00 p.m., Sun & Holidays 5:00 p.m. to 3:15 p.m.
\$10 Dow Futures and Options	7:20 a.m. to 3:15 p.m.	6:15 p.m. to 7:00 a.m. next day	8:30 a.m. to 3:15 p.m.	Mon/Thu 3:30 p.m. to 4:30 p.m. and 5:00 p.m. to 8:15 a.m. next day, shut down period 4:30 p.m. to 5:00 p.m. Sun & Holidays 5:00 p.m. to 8:15 a.m.

\$25 Dow Futures	n/a	6:15 p.m. to 4:00 p.m. next day	n/a	Mon/Thu 3:30 p.m. to 4:30 p.m. and 5:00 p.m. to 3:15 p.m. next day, shut down period 4:30 p.m. to 5:00 p.m., Sun & Holidays 5:00 p.m. to 3:15 p.m.
Dow US Real Estate Futures	n/a	6:15 p.m. to 4:00 p.m. next day	n/a	Mon/Thu 3:30 p.m. to 4:30 p.m. and 5:00 p.m. to 3:15 p.m. next day, shut down period 4:30 p.m. to 5:00 p.m., Sun & Holidays 5:00 p.m. to 3:15 p.m.

Price Limit Policies— As amended the new daily price limit policies would comprehensively amend price limits associated with all domestic legacy CBOT stock index products. In particular, these amendments incorporate several principles as follows.

- Eliminate the current 10% ETH (overnight) limits in favor of a 5% limit.
- Require an unconditional trading halt with respect to legacy CBOT stock index products when the primary stock market is halted for trading, regardless of whether the legacy CBOT product has hit a limit or not.

The text of the amendment is as follows with respect to the CBOT DJIA Index (\$25 Multiplier), with additional underlined and deletions bracketed and overstruck. Note that these changes apply to all the other legacy CBOT domestic equity products: CBOT DJIA Index (\$10 Multiplier), CBOT DJIA Index (\$5 Multiplier), and CBOT DJIA US Real Estate Index.

If you have any questions, please contact Bret Vietmeirer, Director, Products & Services at (312) 930-3394 or Lucy Wang, Research Analyst, Product Development & Research, at (312) 648-5478.

Chapter 28 CBOT[®] Dow Jones Industrial AverageSM Index¹ Futures (\$25 Multiplier)

28102.D. Daily Price Limits

~~[Daily Price Limits and Trading Halts for CBOT DJIA (DJIA) Index (\$10 Multiplier) Futures, CBOT mini-sized Dow (\$5 Multiplier) Futures, CBOT DJIA Index (\$25 Multiplier) Futures, and CBOT Dow JonesSM US Real Estate Index Futures. Hereafter in this rule, DJIA Index (\$10 Multiplier) futures, mini-sized Dow (\$5 Multiplier) futures, DJIA Index (\$25 Multiplier) futures and CBOT Dow Jones US Real Estate Index Futures shall be~~

¹ "Dow JonesSM", "The DowSM", "Dow Jones Industrial AverageSM" and "DJIASM" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Board of Trade of the City of Chicago, Inc. ("CBOT"). The CBOT's futures and futures option contracts based on the Dow Jones Industrial AverageSM are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of trading in such products.

~~referenced as “DJIA futures”. Daily price limits and trading halts in DJIA futures shall be coordinated with trading halts in the underlying stocks listed for trading in the primary securities market.]~~

Daily price limits and trading halts of the CBOT DJIA Index (\$25 Multiplier) futures contract shall be coordinated with trading halts of the underlying stocks listed for trading in the securities markets.

For purposes of this rule, the primary contract expiration month for ~~[each of the above mentioned DJIA]~~ CBOT DJIA Index (\$25 Multiplier) futures contracts shall be defined as the futures contract that trades in the lead month configuration. Exchange staff shall have the responsibility of determining whether the primary contract expiration month is limit bid or limit offered.

For the first day of trading in a newly listed contract expiration month, 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: For each calendar quarter, there shall be three successive price limits: Level 1, Level 2, and Level 3. The limit thresholds that define Levels 1, 2, and 3 shall be calculated at the beginning of the pertinent calendar quarter, using the average daily closing value of the DJIA for the calendar month prior to the beginning of such calendar quarter. The Level 1 limit threshold shall equal 10% of such average daily closing value, the Level 2 limit threshold shall equal 20% of such average daily closing value, and the Level 3 limit threshold shall equal 30% of such average daily closing value. Each limit threshold shall be rounded to the nearest fifty DJIA index points.

These three limit thresholds, so computed, shall remain in effect throughout the pertinent calendar quarter, until the next calculation. These limit thresholds shall be used to calculate price limits for each trading session within the pertinent calendar quarter, as follows:

Level 1 shall equal the settlement price of the preceding regular trading session minus the Level 1 limit threshold.

Level 2 shall equal the settlement price of the preceding regular trading session minus the Level 2 limit threshold.

Level 3 shall equal the settlement price of the preceding regular trading session minus the Level 3 limit threshold.

Price Limits During Regular Trading Hours: The following price limits and trading halts shall apply to open outcry and electronic trading, in the primary contract expiration month only, during the Exchange’s regular trading hours. For purposes of this rule, “regular trading hours” are defined for ~~[all DJIA]~~ CBOT DJIA Index (\$25 Multiplier) futures to begin with the time of the open for open outcry trading in DJIA futures, and to end with the later of the time of the close of open outcry trading, or the conclusion of any daytime electronic trading session that is part of the same trading day.

(a) Level 1:

~~[Except as provided below, the Level 1 price limit shall be in effect until a trading halt has been declared in the primary securities market, trading in the primary securities market has resumed,~~

~~and fifty percent (50%) of the stocks underlying the DJIA (selected according to capitalization weights) have reopened. The Level 2 price limit shall apply for all DJIA futures to such reopening.~~

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

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

When the primary futures contract is limit offered at the Level 1 Price Limit, a 10-minute period shall commence. If the primary futures contract is limit offered at the end of the 10-minute period, 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.

(b) Level 2:

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

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

When the primary futures contract is limit offered at the Level 2 Price Limit, a 10-minute period shall commence. If the primary futures contract is limit offered at the end of the 10-minute period, 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.

(c) Level 3:

The Level 3 price limit shall be in effect during all regular trading hours.

~~**[Trading Halts During Regular Trading Hours:** If the primary contract expiration month is limit offered at either the Level 1 or Level 2 price limit as defined above, and there is a trading halt declared in the primary securities market, then trading shall be halted in all DJIA futures that have reached their respective price limits. In the event that trading in the primary securities market resumes after a trading halt, trading in each of the DJIA futures contracts in which trading has been halted shall resume only after fifty percent (50%) of the stocks underlying the DJIA (selected according to capitalization weights) have reopened for trading. The next applicable price limit enumerated above shall apply to resumed trading in DJIA futures.~~

~~If the primary contract expiration month for any DJIA futures contract is limit offered at the Level 2 price limit after 1:00 p.m. Chicago time (2:00 p.m. Eastern time), or if the primary contract expiration month for any DJIA futures contract is limit offered at the Level 3 price limit~~

~~at any time during regular trading hours, and the primary securities market declares a trading halt for the rest of its trading day, then the Exchange will also declare a trading halt for the rest of its regular trading hours in all DJIA futures that have reached their respective price limits.}~~

In the event that trades on the electronic trading platform occur through the price limits described above, any such trades may be busted by the Exchange.

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 CBOT DJIA (DJIA) Index (\$25 Multiplier) futures contract shall resume.

~~**[Price Limits During Non-Regular Trading Hours:** When the electronic trading platform is open for trading during non-regular trading hours, the following price limits shall apply:~~

~~A limit threshold for each calendar quarter shall be set, at the beginning of such calendar quarter, equal to 10% of the average daily closing value of the DJIA for the calendar month prior to the beginning of such calendar quarter. This limit threshold shall remain in effect throughout such calendar quarter, until the next calculation. Such limit threshold shall be used to calculate lower and upper price limits for non-regular trading hours, for each trading session with the pertinent calendar quarter, as follows:~~

~~The lower price limit shall equal the settlement price of the preceding regular trading session minus such limit threshold.~~

~~The upper price limit shall equal the settlement price of the preceding regular trading session plus such limit threshold.~~

~~These lower and upper price limits, so computed, shall apply to trading in the primary contract expiration month only.}~~

Opening Time: 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.

During Electronic Trading Hours (ETH), there shall be no trading of CBOT DJIA Index (\$25 Multiplier) 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 during a period commencing two minutes prior to the opening of RTH, there shall be a trading halt in effect until the commencement of Regular Trading Hours (RTH). Once RTH commences, the next applicable trading limit shall be in effect.

The 5.0% Price Limit shall be calculated as one-half of the Level 1 or 10% price limit rounded down to the nearest integral multiple of 10 index points.