



## Special Executive Report

S-7298

23 February 2015

### Discontinuation of CME Globex Electronic Trading of Certain CBOT Equity Index Futures and Options Contracts

Effective Wednesday, 11 March 2015, for trade date Thursday, 12 March 2015, and pending all relevant CFTC regulatory review periods, the Board of Trade of the City of Chicago, Inc. (CBOT or Exchange) shall discontinue trading on the CME Globex electronic trading platform in the equity index futures and option products listed in the left-hand column of Exhibit 1. Accordingly, as of trade date Thursday, 12 March 2015, these products will be available for trading on the CBOT trading floor only and for submission of block trades via CME ClearPort.

In an earlier action, the Exchange delisted contract month expirations beyond June 2015 in these products, such that June 2015 shall be the final futures delivery month and final option expiration month to be available for trading and clearing. (See SER-7296 dated 4 February 2015.)

#### Exhibit 1

Contract Name	Clearing Code	Current CBOT Product Codes	CBOT Rulebook Chapter
<i>Dow Jones Industrial Average<sup>SM</sup> Index Futures (\$10 Multiplier)</i>	11	Floor: DJ (Globex: ZD)	26
<i>Options on Dow Jones Industrial Average Index Futures (\$10 Multiplier)</i>			26A
Quarterly Options	11	Floor: DJC/DJP (Globex: OZD)	
Serial Options	11	Floor: DJC/DJP (Globex: OZD)	
Weekly Options – Week 1	ZD1	ZD1	
Weekly Options – Week 2	ZD2	ZD2	
Weekly Options – Week 4	ZD4	ZD4	
End-of-Month Options	EZD	EZD	

**Conforming amendments to CBOT rules that effectuate the aforementioned changes appear below in blackline format and shall also be effective as of trade date 12 March 2015.**

## Amendments to CBOT Chapter 26 – Dow Jones Industrial Average Index Futures (\$10 Multiplier)

(Additions are underlined. Deletions are ~~struck through~~.)

### 26102.D. Price Limits and Trading Halts

The primary CBOT \$10 Dow futures contract expiration month, as referenced in this rule, shall be determined by the Exchange. The Exchange shall also determine when the primary futures contract month is limit bid or limit offered. All times referenced in this rule are in Central Time.

**Coordinated Market-Wide Trading Halts:** If a NYSE Rule 80B trading halt is declared in the primary securities market as the result of a Level 1 (7%), Level 2 (13%) or Level 3 (20%) decline in the S&P 500 Index, then trading in CBOT \$10 Dow futures contracts shall be halted. When trading in the primary securities market resumes after a NYSE Rule 80B trading halt, trading on the CBOT \$10 Dow futures contract shall resume. At or after 2:25 p.m., the Level 1 (7%) and Level 2 (13%) trading halts in the primary securities market are not applicable. Following the declaration of a Level 3 (20%) trading halt in the primary securities market, there shall be no trading in CBOT \$10 Dow futures until trading resumes on the primary securities market on the next Trading Day.

**Reference Price for Exchange Price Limits and Exchange Trading Halts:** Daily price limits in CBOT \$10 Dow futures will be established relative to the contract rounded Reference Price ("P") which shall be determined by the Exchange as follows:

- Tier 1 The Reference Price shall be equal to the volume-weighted average price of transactions in the E-mini Dow Index futures contract executed on Globex from 2:59:30 to 3:00:00 p.m.
- Tier 2 If no transactions occur from 2:59:30 to 3:00:00 p.m., the Reference Price shall be the average of the midpoints of each bid/ask spread in the E-mini Dow futures contract during that thirty (30) second interval; however, bid/ask spread pairs wider than two (2) ticks(2.00 index points), shall not be included in the calculation to determine the Reference Price.
- Tier 3 If the Reference Price cannot be determined pursuant to Tiers 1 and 2 above, designated Exchange staff shall consider any other information deemed relevant to determine the Reference Price. Alternatives upon which Exchange staff may determine the Reference Price include, but are not limited to, the following: (1) deriving the Reference Price based on the basis relationship to the underlying cash index level; or (2) deriving the Reference Price by repeating Tier 1 or Tier 2 calculations at increasing thirty (30) second increment intervals until data is obtained.

If the Reference Price is not divisible by 1.00 without remainder, then the Reference Price shall be rounded down to the closest 1.00 point increment. The rounded Reference Price ("P") shall be used to determine Price Limits.

In the event of an early close of the primary securities market, the Reference Price shall be determined based upon the time period that corresponds to the last thirty (30) seconds of the primary securities market trading day.

For a newly listed contract expiration month, there will be an implied Reference Price created by the Exchange for the sole purpose of establishing the Price Limits for the first day of trading.

**Exchange Price Limit Levels:** The Price Limits shall be calculated daily based upon the rounded Reference Price, P, and the value of the DJIA available ten (10) minutes after the close of the primary securities market ("I"). The Offsets used to derive the daily Price Limits shall be calculated as follows:

<del>5% Offset</del>	<del>Equals</del>	<del>5% of I, or (0.05 x I) rounded down to the nearest 1.00 point increment</del>
7% Offset	Equals	7% of I or (0.07 x I) rounded down to the nearest 1.00 point increment
13% Offset	Equals	13% of I or (0.13 x I), rounded down to the nearest 1.00 point increment
20% Offset	Equals	20% of I or (0.20 x I), rounded down to the nearest 1.00 point increment

The daily Price Limits for CBOT \$10 Dow futures shall be calculated as follows:

<del>5% Price Limits</del>	<del>equals</del>	<del>P plus 5% Offset, and P minus 5% Offset</del>
7% Price Limit	equals	P minus 7% Offset
13% Price Limit	equals	P minus 13% Offset
20% Price Limit	equals	P minus 20% Offset

~~**Exchange Price Limits from 5:00 p.m. to 8:30 a.m.:** From the start of the new Trading Day at 5:00 p.m. until the suspension of trading at 8:15 a.m., there shall be Price Limits for CBOT \$10 Dow Index futures corresponding to a 5% increase above and a 5% decrease below the previous Trading Day's Reference Price. During this time period, there shall be no trading of CBOT \$10 Dow Index futures at a price more than the 5% Price Limit above, or less than the 5% Price Limit below, the previous Trading Day's Reference Price.~~

~~If the primary E-mini Dow futures contract is limit bid or limit offered at 8:15 a.m. and remains limit bid or limit offered at 8:25 a.m., then there shall be a trading halt in effect for the E-mini Dow futures contract until 8:30 a.m. During the trading halt, the Exchange shall provide an indicative opening for the re-opening of trading in the E-mini Dow futures contract trading on Globex pursuant to Rule 573.~~

~~**Exchange Price Limits from 8:30 a.m. to 2:25 p.m.:** From 8:30 a.m. up to and including 2:25 p.m., there shall be successive Price Limits corresponding to 7%, 13% and 20% declines below the previous Trading Day's Reference Price. However, if a NYSE Rule 80B trading halt becomes inapplicable, then the corresponding Price Limit in CBOT \$10 Dow futures contracts shall likewise become inapplicable.~~

~~When the primary E-mini Dow futures contract is limit offered at the 7.0% Price Limit, a 10- minute period shall commence. If the primary futures contract is not limit offered at the end of the 10-minute period, trading will continue with the 13.0% Price Limit in effect. 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 13.0% price limit shall apply to such reopening.~~

~~When the primary E-mini Dow futures contract is limit offered at the 13.0% Price Limit, a 10- minute period shall commence. If the primary futures contract is not limit offered at the end of the 10-minute period, trading will continue with the 20% Price Limit in effect. 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 20% Price Limit shall apply to such reopening. The 20% Price Limit shall represent the Total Daily Price Limit. Following a Level 3 market-wide (20%) trading halt, trading in CBOT \$10 Dow futures shall remain halted until the open of the primary securities market on the following Trading Day.~~

~~**Exchange Price Limits from 2:25 p.m. to 3:00 p.m.:** From 2:25 p.m. until the 3:00 p.m. close of the primary securities market, only the 20% Price Limit shall apply.~~

~~**Exchange Price Limits from 3:00 p.m. to 4:15 p.m.:** From the close of the primary securities market at 3:00 p.m. until the end of the current Trading Day at 4:15 p.m., there shall be a Price Limit corresponding to a 5% increase above the current Trading Day's Reference Price. There shall also be a Price Limit corresponding to either a 5% decline below the current Trading Day's Reference Price or the current Trading Day's 20% Price Limit, whichever is nearer to the current Trading Day's Reference Price.~~

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#### **26102.F. Termination of Trading**

~~Futures trading shall terminate 15 minutes prior to the regularly scheduled start of trading at the NYSE on at the close of open outcry trading on the Business Day immediately preceding the day scheduled for the determination of the Final Settlement Day Price.~~

~~After trading in contracts for future delivery in the current delivery month has ceased, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 26103.~~

**Amendments to CBOT Chapter 5 - Rule 588.H (Globex Non-Reviewable Trading Ranges)**

<b>Instrument</b>	<b>Non-Reviewable Range (NRR) in Globex format</b>	<b>NRR including Unit of Measure</b>	<b>NRR Ticks</b>
DJIA (\$10) Futures	60	60 index points	60

<b>Instrument</b>	<b>Bid/Ask Reasonability</b>	<b>Non-Reviewable Range (NRR)</b>
DJIA (\$10) Options	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of 40 index	20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.
DJIA (\$10) End-of-Month Options	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of 40 index	20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.
DJIA (\$10) Weekly Options	The greater of the delta times the underlying futures' non-reviewable range or 20% of the fair value premium up to the underlying futures' non-reviewable range with a minimum reasonability of 40 index	20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.

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