



## Special Executive Report

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S-5575

January 26, 2011

**CME Group Announces the Launch of Custom Stock Index Futures:  
SGI WISE US TOP Index Futures  
SGI WISE US BOTTOM Index Futures  
SGI WISE US Long/Short Index Futures  
on Monday, February 7, 2011**

CME Group announces that Custom Stock Index Futures on three SGI WISE US indexes including SGI WISE US TOP Index futures, SGI WISE US BOTTOM Index futures, and SGI WISE US Long/Short Index futures will begin trading at 8:30 a.m. on Monday, February 7, 2011.

The Exchange intends to offer three (3) Custom Stock Index futures contracts including SGI WISE US TOP Index futures, SGI WISE US BOTTOM Index futures, and SGI WISE US Long/Short Index futures exclusively on the CME Globex<sup>®</sup> electronic trading platform between the hours of 8:30 a.m. and 3:15 p.m, Monday through Friday. Block trading is also available for these products. The March 2011 and June 2011 contracts will be the first two cycle months listed for trading.

This update includes a review of the salient contract terms and conditions; and, the Rules which govern trade of such futures. These products are listed by and subject to the rules of CME Inc.

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## 1. Description of Individual Contract Terms

The three SGI WISE US Index futures contracts, SGI WISE US TOP Index futures, SGI WISE US BOTTOM Index futures, and SGI WISE US Long/Short Index futures are intended to provide a transparent, liquid, and facile means of acquiring protection against equity market exposure associated with a subset of the S&P 500 Stock Price Index. As such, CME intends to extend the benefits of exchange-traded products to this segment of the U.S. large capitalization equity market which heretofore has only been available on an over-the-counter (OTC) basis. The contract terms listed below pertain to all three SGI WISE US Index futures contracts.

**Contract Size** - The notional value of a SGI Wise US Index futures contracts is equal to \$50 multiplied by the respective SGI WISE US Index. If the Index = 1,000.00, the futures contract has a notional value of \$50,000 (= \$50 x 1,000). This value is comparable to the values associated with other equity index futures contracts.

**Tick Size** - The tick size of a SGI Wise US Index futures contract is equal to 0.25 Index points or \$12.50. This tick size is comparable to the tick size of other equity index futures contracts.

**Final Settlement Date** - The Final Settlement Date for a SGI Wise US Index futures contract is the third Friday of the quarterly cycle month, *i.e.*, the third Friday of March, June, September and December.

**Final Settlement Price** - SGI Index futures contracts call for a final cash settlement which is equal to \$50 multiplied by the Special Opening Quotation (“SOQ”) of the respective SGI WISE US Index. The SOQ is quoted to the hundredth (1/100<sup>th</sup>) decimal place, *e.g.*, 1,000.01. Accordingly, CME will effect settlement of the SGI WISE US Index futures contracts to 0.01 index points (\$0.50 per 0.01 index points). *E.g.*, if the Index closes at 1,000.01 on the Final Settlement Date, then the Final Settlement Value for the futures contract is equal to \$50,000.50 (=1,000.01 x \$50).

**Position Limits** - The Position Limit for a SGI Wise US Index futures contract shall be 5,000 contracts, net long or net short, in all months combined.

**Block Trading** – Block trading is allowed in these products with a minimum order size of 50 contracts.

### SGI WISE US Index Futures Specifications

<b>Contract Value</b>	\$50 x SGI WISE US Stock Index (See Rule 38401)
<b>Index Construction</b>	Index tracks “Excess Return Performance”. Price, Capitalization or Custom Weighting Rules based Index Methodology
<b>Tick Size</b>	0.25 Index Points ( or \$12.50 per tick )
<b>Listing Cycle</b>	Two (2) months in March Quarterly Cycle, <i>i.e.</i> , March, June September & December
<b>Hours of Trade</b>	Offered on CME Globex® electronic trading platform on Mondays-Fridays from 8:30 am-3:15 pm (CT)
<b>Termination of Trading</b>	8:30 am (CT) on third Friday of contract month
<b>Final Settlement</b>	Cash Settlement based on the Special Opening Quotation (SOQ) of the Custom Stock Index
<b>Final Settlement Date</b>	Third (3 <sup>rd</sup> ) Friday of contract month with contingencies if Underlying Reference Value should not be published on that day
<b>Limits</b>	Trading halts triggered by Price Limit Incidents of the E-mini S&P 500 Index futures contract
<b>Ticker</b>	SGI WISE US Top Index Future: Clearing=K06, Ticker=K06 SGI WISE US Bottom Index Future: Clearing=K07, Ticker=K07 SGI WISE US Long/Short Index Future: Clearing=K08, Ticker=K08

## 2 . Rules Governing Custom Stock Index Futures

### Chapter 384 Custom Stock Index Futures

#### 38400. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in Custom Stock Indices. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

#### 38401. COMMODITY SPECIFICATIONS

Each Custom Stock Index futures contract shall be constructed per the specifications included in the table below.

	<b>Custom Index</b>	<b>Trading Unit (Contract Multiplier) &amp; Currency</b>	<b>Minimum Price Increment or Tick Size</b>	<b>Position Limit</b>
1	SGI WISE US Top Portfolio Index Futures <sup>1</sup>	\$50.00 (USD)	0.25 Index Points (\$12.50)	5,000 contracts
2	SGI WISE US Bottom Portfolio Index Futures <sup>2</sup>	\$50.00 (USD)	0.25 Index Points (\$12.50)	5,000 contracts
3	SGI WISE US Long/Short Portfolio Index Futures <sup>3</sup>	\$50.00 (USD)	0.25 Index Points (\$12.50)	5,000 contracts

#### 38402. FUTURES CALL

##### 38402.A. Trading Schedule

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.

##### 38402.B. Trading Unit

The unit of trading for the respective Custom Stock Index futures contract shall be as designated in Rule 38401., COMMODITY SPECIFICATIONS.

##### 38402.C. Price Increments

Bids and offers shall be quoted in terms of the respective Custom Stock Index as designated in Appendix A. The minimum fluctuation of the futures contract shall be as designated in Rule 38401 COMMODITY SPECIFICATIONS.

<sup>1</sup> See **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 384**, Section A, for disclaimers associated with the SGI WISE US Indexes and SGI WISE US Index futures contracts.

<sup>2</sup> See **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 384**, Section A, for disclaimers associated with the SGI WISE US Indexes and SGI WISE US Index futures contracts.

<sup>3</sup> See **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 384**, Section A, for disclaimers associated with the SGI WISE US Indexes and SGI WISE US Index futures contracts.

**38402.D. Position Limits**

A person shall not own or control more than the designated quantity of Custom Stock Index futures contracts net long or net short in all contract months combined, for each Custom Stock Index futures contract designated in Appendix A.

**38402.E. Accumulation of Positions**

For 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 for each Custom Stock Index futures contract as designated in Appendix A.

**38402.F. Exemptions**

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to arbitrage positions and inter-commodity spread positions subject to Rule 559.

**38402.G. Termination of Trading**

Futures trading shall terminate at the regularly scheduled start of trading at the NYSE on the day scheduled for the determination of the Final Settlement Price.

**38402.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.

**38402.I. Price Limits, Trading Halts, and/or Trading Hours**

Daily trading halts or suspension of trading activity of Custom Stock Index futures contracts shall be coordinated with trading halts of the underlying stocks listed for trading in the securities markets and with "Price Limit Incidents" in the E-mini Standard and Poor's 500 Stock Price Index futures.

If there is a NYSE Rule 80B trading halt declared in the primary securities market, trading in Custom Stock Index futures shall be halted. Once trading in the primary securities market resumes after an NYSE Rule 80B trading halt, trading in Custom Stock Index futures shall resume.

An E-mini Standard and Poor's 500 Stock Price Index futures "Price Limit Incident" is defined as the E-mini Standard and Poor's 500 Stock Price Index futures contract touching a relevant price limit and being constrained by that price limit, a trading termination related to a price limit, or a trading halt per CME Rule 35802.I. Trading in

Custom Stock Index futures shall be halted for the duration of any “Price Limit Incident”. Trading in Custom Stock Index futures shall resume when such “Price Limit Incident” is concluded.

**38403. SETTLEMENT PROCEDURES**

Delivery under a Custom Stock Index futures contract shall be by cash settlement.

**38403.A. Final Settlement Price**

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

If the Custom Stock 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.

**38403.B. Final Settlement**

Clearing members holding open positions in a Custom Stock 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.

**38404. COMPLIANCE WITH CEA**

Custom Stock indices shall not be narrow-based security indices, and shall meet the requirements of Section 1a(25) of the Commodity Exchange Act.

**38405. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

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

**38406. 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 factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.

**384-07 [RESERVED]**

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 384**

Each of the SGI Wise US Indices is the sole and exclusive property of Société Générale.

Société Générale does not guarantee the accuracy and/or the completeness of the composition, calculation, dissemination and adjustment of the SGI Wise US Indices, nor of the data included therein.

Société Générale shall have no liability for any errors, omissions, interruptions or delays relating to any of the SGI Wise US Indices.

Société Générale makes no warranty, whether express or implied, relating to (i) the merchantability or fitness for a particular purpose of the SGI Wise US Indices, and (ii) the results of the use of the SGI Wise US Indices or any data included therein.

Société Générale shall have no liability for any losses, damages, costs or expenses (including loss of profits) arising, directly or indirectly, from of the use of the SGI Wise US Indices or any data included therein.

The levels of the SGI Wise US Indices do not represent a valuation or a price for any product referencing any such index.

A summary of the Index rules for each of the SGI Wise US Indices is available either online on the webpage <http://www.sg-structuredproducts.com/societe-generale-index/wise>, or if not online, upon written request made to Société Générale.

(End Chapter 384)

### 3. Other Rule Amendments Associated with Custom Stock Index Futures

**SGI WISE US TOP Index Futures  
SGI WISE US BOTTOM Index Futures  
SGI WISE US Long/Short Index Futures**

*The following amendments to Exchange Rules are necessitated by the introduction of Custom Stock Index Futures – SGI WISE US TOP Index futures, SGI WISE US BOTTOM Index and SGI WISE US Long/Short Index futures. Additions are underlined, deletions are bracketed and overstruck.*

**CHAPTER 5  
INTERPRETATIONS AND SPECIAL NOTICES RELATED TO CHAPTER 5  
Position Limits and Reportable Levels for Custom Index Futures**

CONTRACT NAME	OPTIONS	FIRST SCALE-DOWN SPOT MONTH	SECOND SCALE-DOWN SPOT MONTH	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNT-ABILITY	REPORT ABLE FUT LEVEL	REPORT ABLE OPT LEVEL
CME Equity Index									
Custom Index / SGI WISE US TOP						<u>*5,000</u>		<u>25</u>	
Custom Index / SGI WISE US BOTTOM						<u>*5,000</u>		<u>25</u>	
Custom Index / SGI WISE US Long/Short						<u>*5,000</u>		<u>25</u>	

#### 588.K. GLOBEX No Bust Ranges

Previous rules are unchanged.

<b>Futures Contracts</b>	<b>No Bust Range</b>
Custom Stock Index/ SGIWISE US TOP	6.00 index points or less
Custom Stock Index/ SGIWISE US BOTTOM	6.00 index points or less
Custom Stock Index/ SGIWISE US Long/Short	6.00 index points or less

Remaining rules are unchanged.