



January 21, 2011

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

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**RE: Section 5c(c) and Regulation 40.2 and 40.6 - Exchange Certification  
CME New Chapter 384 ("Custom Stock Index Futures")  
SGI WISE US TOP Index Futures  
SGI WISE US BOTTOM US Index Futures  
SGI WISE US Long/Short Index Futures  
CME Submission No. 11-008**

Dear Mr. Stawick:

On November 15, 2010, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") approved the listing of Custom Stock Index futures. The Exchange intends to commence trading in Custom Stock Index futures on Monday, February 7, 2011. A document describing the Custom Stock Index Futures, including the rules related to its terms and conditions, is attached to this submission.

The Exchange certifies that the Custom Stock Index futures and related rules comply with the Commodity Exchange Act and regulations thereunder. There were no substantive opposing views to this proposal.

If you require any additional information regarding this submission, please do not hesitate to contact Mr. John Nyhoff, Director-Research & Product Development, at 312-930-2310 or via e-mail at [john.nyhoff@cmegroup.com](mailto:john.nyhoff@cmegroup.com); Ms. Lucy Wang at 312-648-5478 or via e-mail at [lucy.wang@cmegroup.com](mailto:lucy.wang@cmegroup.com); or me at 312-466-7478. Please reference CME Submission No. 11-008 in any related correspondence.

Sincerely,

/s/ Tim Elliott  
Director and Associate General Counsel

cc: Mr. Thomas M. Leahy and Mr. Philip Colling  
CFTC Division of Market Oversight, Product Review & Analysis Section

**Section 5c(c) and Regulation §40.2 Submission Certification  
CME New Chapter 384 (“Custom Stock Index Futures”)  
SGI WISE US TOP Index Futures  
SGI WISE US BOTTOM US Index Futures  
SGI WISE US Long/Short Index Futures  
CME Submission No. 11-008**

**January 21, 2011**

**Chicago Mercantile Exchange Inc.®**

## 1. Introduction

Chicago Mercantile Exchange ("CME" or "the Exchange") hereby submits Custom Stock Index Futures ("Custom Futures") contracts in accordance with Section 5c(c)(1) of the CEA and Regulation §40.2, thereunder. The Exchange intends to commence trading on February 7, 2011.

The initial listing of Custom Stock Index Futures will include the following three non-narrow based stock index futures contracts:

1. SGI WISE US Top Index futures
2. SGI WISE US Bottom Index futures, and
3. SGI WISE US Long/Short Index futures

These three stock index futures are collectively known as the ("SGI Index futures").

Section 2 of this document includes explanations regarding the specific terms and conditions associated with Custom Stock Index Futures. Section 3 of this document provides a brief description of the composition of the SGI Stock Indexes as well as the SGI index construction standards and guidelines. Section 4 discusses the non narrow-based nature of the SGI stock indexes per Section 1a(25) of the CEA. Section 5 of this document includes explanations regarding the specific terms and conditions associated with Custom Stock Index Futures. Section 6 describes the SGI stock index futures contract design features. Section 7 of this document includes a copy of the Rules that set forth the contract terms and conditions for Custom Stock Index Futures.

## 2. Equity Market Derivative Products

Institutional equity market participants have increasingly used price based equity swaps and total return equity swaps to achieve benchmark performance against a targeted equity index. These institutional market participants have sought to achieve a benchmarked rate of return against both standardized as well as non-standardized (i.e., customized) equity portfolios.

The indexes associated with equity swaps may be created with a variety of structures. A "standard" index may be created such that the index solely incorporates the price fluctuations of the various components like the standard quotation of the S&P 500 or DJIA. Alternatively, a "Total Return Index" may be created that incorporates both the price fluctuations of the index components as well as the returns attributable to reinvestment of the index component's dividend flows. Other return structures may be contemplated and arranged as agreed upon by the parties to an equity swap.

As with other derivative products, counterparty credit risk concerns remain an issue among equity market participants. There exists a concerted effort to mitigate such counterparty exposures. Institutional investors have also been seeking the price transparency and financial safeguard properties associated with a central counterparty ("CCP") cleared environment. Futures contracts listed on a Designated Contract Market ("DCM") and cleared through a

recognized Derivatives Clearing Organization ("DCO") create an opportunity to promote counterparty risk mitigation while enhancing price transparency.

### 3. SGI WISE US Indexes<sup>1</sup>

The SGI WISE US Long/Short (USD – Excess Return) Index (Bloomberg Ticker: SGIXWULS <Index>)(the "**Wise US Long/Short Index**") reflects a combination of long and short positions in certain of the stocks in the S&P 500® Index (the "**S&P 500 Index**") by tracking the excess return of (i) the SGI WISE US Top (USD - Net Total Return) Index (Bloomberg Ticker: SGIXWUT <Index>)(the "**Top Index**") over (ii) the SGI WISE US Bottom (USD - Gross Total Return) Index (Bloomberg Ticker: SGIXWUB <Index>)(the "**Bottom Index**") and together with the Top Index and the Wise US Long/Short Index, the "**SGI Wise US Indices**", as measured since each prior "**Rebalancing Date**". The Rebalancing Dates of the Wise US Long/Short Index are typically annual, but may occur more frequently as described in the Index Rules relating to the Wise US Long/Short Index.

Stocks in the Top Index and Bottom Index are selected according to the "**WISE Model**," a proprietary model developed by Société Générale, which systematically scores the stocks comprising the S&P 500 Index on a monthly basis according to twelve specific criteria, including criteria related to (i) valuation, (ii) price momentum, (iii) market short interest, (iv) return on equity and (v) price and volatility (together, the "**WISE Criteria**"). The Top Index generally consists of the stocks scored in the top 10% according to the WISE Model over the previous twelve months, and the Bottom Index generally consists of the stocks scored in the bottom 10% according to the WISE Model over the previous six months.

The "**Index Calculation Agent**" is Standard & Poor's, a division of the McGraw-Hill Companies. The Wise US Long/Short Index, the Top Index and the Bottom Index were developed by, and are the exclusive property of, Société Générale, which has contracted with the Index Calculation Agent to maintain and calculate the Wise US Long/Short Index, the Top Index and the Bottom Index.

#### Wise US Long/Short Index Description

The Wise US Long/Short Index reflects a combination of long and short positions in a selection of S&P 500 Index stocks, as measured by tracking the performance of (i) the Top Index minus (ii) the Bottom Index, since the previous Rebalancing Date. Rebalancing Dates occur annually on the fourth Scheduled Calculation Date of February (or February 1 in the case of 2008), and on the fourth Scheduled Calculation Date of any month, if on the first Scheduled Calculation Date of such month, the ratio of (a) (i) the closing level of the Top Index on such Scheduled Calculation Date divided by (ii) the closing level of the Top Index on the previous Rebalancing Date divided by (b) (i) the closing level of the Bottom Index on such Scheduled Calculation Date divided by (ii) the closing level of the Bottom Index on the previous Rebalancing Date exceeds 1.5 or is less than 0.5. For purposes hereof, "**Scheduled Calculation Date**" shall mean any day other than a Saturday or Sunday on which both the Top Index and the Bottom Index are scheduled to be computed and published.

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<sup>1</sup> The material in this section is included with permission from Société Générale.

The Wise US Long/Short Index began publishing on March 31, 2008 and was set at 1,000 as of February 6, 2008.

#### Computation of the Wise US Long/Short Index Level

The level of the Wise US Long/Short Index as of each Scheduled Calculation Date will be determined based on the performance of the Top Index and the Bottom Index measured as of such Scheduled Calculation Date relative to the level of the Top Index and the Bottom Index, respectively, as of the prior Rebalancing Date.

Expressed as a formula, the level of the Wise US Long/Short Index as of each Scheduled Calculation Date will equal the product of (1) the level of the Wise US Long/Short Index as of the previous Rebalancing Date and (2) the sum of (a) 1 and (b) the difference between (i) the quotient of the level of the Top Index as of such Scheduled Calculation Date divided by the level of the Top Index as of the previous Rebalancing Date and (ii) the quotient of the level of the Bottom Index as of such Scheduled Calculation Date divided by the level of the Bottom Index as of the previous Rebalancing Date.

#### **WISE US Top Index Description**

The Top Index began publishing on February 1, 2008, and the level of the Top Index was set at 1,000 as of such date. The Top Index tracks the performance of 12 portfolios (each, a "**Top Portfolio**") consisting of shares of companies chosen for inclusion in a Top Portfolio according to the WISE Model from the companies included in the S&P 500 Index. The Top Index is a "net total return" index, meaning the value of dividends (excluding Special Dividends) paid on those stocks included in the Top Index will be added to the level of the Top Index, less an assumed withholding tax on such dividends.

Each month, Société Générale, as Index Sponsor, reviews and reconstructs a different Top Portfolio, the components of which will remain in place for the following twelve months, subject to certain adjustments. The Index Sponsor will reconstruct the Top Portfolio under review according to the WISE Model, which ranks each of the components of the S&P 500 Index according to the WISE Criteria. A new Top Portfolio will generally consist of those components of the S&P 500 Index ranked in the top 10% according to the WISE Criteria each month.

Following each monthly review, the Top Index will be composed of the stocks included in the twelve previous Top Portfolios (the "**Top Aggregate Portfolio**"), where the respective weight of a stock is proportional to the number of times such stock has been included in such twelve Top Portfolios.

#### Computation of the Top Index Level

The level of the Top Index for each day on which the Index Calculation Agent calculates and announces the level of the Top Index will be based on the closing prices of the stocks in the Top Aggregate Portfolio. The Top Index is a "net total return" index, meaning the value of dividends (excluding Special Dividends) paid on those stocks included in the Top Index will be added to the level of the Top Index, less an assumed withholding tax on such dividends.

### **WISE US Bottom Index Description**

The Bottom Index began publishing on February 1, 2008, and the level of the Bottom Index was set at 1,000 as of such date.

The Bottom Index tracks the performance of 6 portfolios (each, a "**Bottom Portfolio**") consisting of shares of companies chosen for inclusion in a Bottom Portfolio according to the WISE Model from the companies included in the S&P 500 Index. The Bottom Index is a "gross total return" index, meaning the value of dividends (excluding Special Dividends) paid on those stocks included in the Bottom Index will be added to the level of the Bottom Index without any reduction for any assumed withholding tax on such dividends.

Each month, the Index Sponsor reviews and reconstructs a different Bottom Portfolio, the components of which will remain in place for the following six months, subject to certain adjustments. The Index Sponsor will reconstruct the Bottom Portfolio under review according to the WISE Model, which ranks each of the components of the S&P 500 Index according to the WISE Criteria. A new Bottom Portfolio will generally consist of those components of the S&P 500 Index ranked in the bottom 10% according to the WISE Criteria each month.

Following each monthly review, the Bottom Index will be composed of the stocks included in the six previous Bottom Portfolios (the "**Bottom Aggregate Portfolio**"), where the respective weight of a stock is proportional to the number of times such stock has been included in such six Bottom Portfolios.

#### Computation of the Bottom Index Level

The level of the Bottom Index for each day on which the Index Calculation Agent calculates and announces the level of the Bottom Index will be based on the closing prices of the stocks in the Bottom Aggregate Portfolio. The Bottom Index is a "gross total return" index, meaning the value of dividends (excluding Special Dividends) paid on those stocks included in the Bottom Index will be added to the level of the Bottom Index without any reduction for any assumed withholding tax on such dividends.

#### **4. Non-Narrow Based Security Indexes**

The proposed contracts provide for cash settlement against each of the SGI WISE US Indices. Accordingly, we submit that the SGI WISE US Indices constitute non-narrow based securities indices per the strictures of Section 1a(25) of the CEA. Note that Section 1a(25)(A) excludes from the definition of narrow-based security index any securities index that satisfies certain criteria. Specifically, CEA Rule 1a(25)(A) provides that the term "narrow-based security index" means an index-

- (i) that has 9 or fewer component securities,
- (ii) in which a component security comprises more than 30 percent of the index's weighting,

- (iii) in which the 5 highest weighted component securities in the aggregate comprise more than 60 percent of the index's weighting, or
- (iv) in which the lowest weighted component securities comprising, in the aggregate, 25 percent of the index's weighting have an aggregate dollar value of average trading volume of less than \$50,000,000 (or in the case of an index with 15 or more component securities, \$30,000,000), except that if there are two or more securities with equal weighting that could be included in the calculation of the lowest weighted component securities comprising, in the aggregate, 25 percent of the index's weighting, such securities shall be ranked from lowest to highest dollar value of average daily trading volume and shall be included in the calculation based on their ranking starting with the lowest ranked security.

The SGI WISE US Indices do not constitute narrow-based security indexes per Section 1a(25)(A) of the CEA as detailed below. As of December 6, 2010:

- (i) The SGI WISE US Top Index includes 142 securities. The SGI WISE US Bottom Index includes 97 securities. The SGI WISE US Long/Short Index includes 239 securities.
- (ii) The largest component security in the SGI WISE US Top Index has a weighting of 2.062 percent. The largest component security in the SGI WISE US Bottom Index has a weighting of 1.987 percent. The largest component security in the SGI WISE US Long/Short Index has a weighting of 1.031 percent.
- (iii) The 5 highest weighted component securities in the SGI WISE US Top Index comprise 9.450 percent of the index's weighting; and the 5 highest weighted component securities in the SGI WISE US Bottom Index comprise 9.934 percent of the index's weighting. The 5 highest weighted component securities in the SGI WISE US Long/Short Index comprise 5.004 percent of the index's weighting.
- (iv) In the aggregate, the lowest quartile (25 percent) of the SGI WISE US Top Index's weighting (75 components) has a documentable trading volume during the June 7 through December 6, 2010 period of more than \$1.6 billion. In the aggregate, the lowest quartile (25 percent) of the SGI WISE US Bottom Index's weighting (51 components) has a documentable trading volume during the June 7 through December 6, 2010 period of more than \$850 million. In the aggregate, the lowest quartile (25 percent) of the SGI WISE US Long/Short Index's weighting (126 components) has a documentable trading volume during the June 7 through December 6, 2010 period of more than \$1.6 billion. In each case, the bottom 25% of the Index achieved an aggregate dollar value of average trading volume in excess of \$30 million.

Table 1 depicts the maximum and minimum aggregate daily volume for the lowest 25 percent of the weighted component securities of the SGI WISE US Top, the SGI WISE US Bottom, and the SGI WISE US Long/Short Indexes. Holidays are excluded from the table.

[NOTE: THE HEADING IN COLUMN 4 SAYS "BUTTOM" NOT "BOTTOM"]

Table 1: Non-Narrow Based Index Criteria

S&P 500 US Top Index						
Month	1)	2)	3)	4)		
	No. of securities	Max weight (%)	Top 5 securities total weight	Buttom 25% securities total \$ADV		
				Max	Min	Number of securities
5/7/2010 - 6/4/2010	142	2.051%	9.744%	\$6,826,056,280	\$3,057,247,630	77
6/7/2010 - 7/7/2010	141	1.887%	9.434%	\$5,843,602,266	\$2,644,967,930	75
7/8/2010 - 8/5/2010	142	1.706%	8.532%	\$5,388,003,588	\$2,582,485,853	76
8/6/2010 - 9/7/2010	143	1.874%	8.688%	\$4,476,883,102	\$2,790,692,299	75
9/8/2010 - 10/6/2010	144	1.871%	8.844%	\$6,478,139,911	\$2,547,060,816	75
10/7/2010 - 11/4/2010	141	1.884%	9.075%	\$4,947,558,720	\$2,497,902,684	73
11/5/2010 -12/6/2010	142	2.062%	9.450%	\$6,479,260,941	\$1,642,805,189	75

S&P 500 US BUTTOM Index						
Month	1)	2)	3)	4)		
	No. of securities	Max weight (%)	Top 5 securities total weight	Buttom 25% securities total \$ADV		
				Max	Min	Number of securities
5/7/2010 - 6/4/2010	93	2.143%	10.714%	\$6,025,219,890	\$3,031,216,413	47
6/7/2010 - 7/7/2010	102	2.055%	10.274%	\$5,259,351,500	\$2,467,436,187	52
7/8/2010 - 8/5/2010	99	2.041%	10.204%	\$5,141,765,260	\$2,489,301,527	51
8/6/2010 - 9/7/2010	95	2.069%	10.345%	\$2,712,456,923	\$1,585,837,305	48
9/8/2010 - 10/6/2010	98	2.048%	10.239%	\$4,424,702,236	\$1,617,949,157	50
10/7/2010 - 11/4/2010	98	2.062%	10.309%	\$3,831,071,154	\$1,606,069,297	52
11/5/2010 -12/6/2010	97	1.987%	9.934%	\$2,987,698,151	\$854,227,710	51

S&P 500 US Long/Short Index						
Month	1)	2)	3)	4)		
	No. of securities	Max weight (%)	Top 5 securities total weight	Buttom 25% securities total \$ADV		
				Max	Min	Number of securities
6/7/2010 - 7/7/2010	243	1.027%	5.137%	\$6,438,434,300	\$2,801,355,366	127
7/8/2010 - 8/5/2010	241	1.020%	5.102%	\$7,270,947,157	\$3,553,579,100	128
8/6/2010 - 9/7/2010	238	1.034%	5.172%	\$4,908,394,921	\$2,840,435,274	124
9/8/2010 - 10/6/2010	242	1.024%	5.119%	\$7,804,756,363	\$2,777,380,702	127
10/7/2010 - 11/4/2010	239	1.031%	5.155%	\$5,447,324,021	\$2,587,725,458	126
11/5/2010 -12/6/2010	239	1.031%	5.004%	\$6,789,920,187	\$1,628,522,640	126

### 5. Custom Stock Index Futures

Custom Stock Index futures are intended to serve the needs of market participants who desire equity market exposure associated with customized equity portfolios while enjoying the financial safeguards of a CCP clearing house.



**Custom Index Creation** – A Custom Stock Index futures contract may commence with the creation of a custom stock index. The composition and weighting of the index will largely be identified by the index creator consistent with Exchange listing standards.<sup>2</sup>

Custom stock indexes shall generally commence at an Index Value of approximately 1,000.00 index points but the beginning index level is customizable to meet market demands. Indexes may be “price-weighted” like the Dow Jones Industrial Average (DJIA); or, they may be capitalization-weighted like the Standard & Poor’s 500 (S&P 500). Other hybrid weightings such as an adjusted cap-weighting may also be considered.

Accordingly, CME Group is submitting Custom Stock Index futures contracts for self certification.

### **Spot Index versus Futures Price of Total Return Index**

The spot value of an equity Index may be based upon either:

1. the price return of a customized equity index, or
2. the price return plus the effect of dividend reinvestment of a customized index

Total return includes

- price changes
- dividends received and reinvested

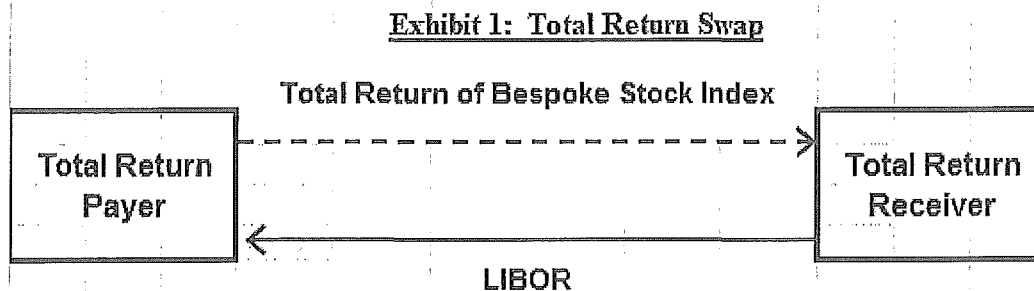
A price return only equity index may mirror the price calculation methodology associated with either the S&P 500 index or the Dow Jones Industrial Average. The fair value price of a Custom Stock Index Futures based on a price returns only reflects both financing costs and the anticipated dividends to be received prior to contract expiration.

The fair value futures price associated with a Custom Stock Index Futures contract based on a “Total Return” Index can be calculated in a manner similar to valuing a Total Return Swap (“TRS”).

In a TRS tied to a Custom Stock Index, the total return payer will pay the total return (price changes plus dividend income) of the Custom Stock Index to the total return receiver. The total return receiver will pay the total return payer a financing charge, which is typically equal to LIBOR, plus or minus a spread adjusted for the term of the TRS and the creditworthiness of the total return receiver. Exhibit 1 illustrates the cash flows associated with a TRS.

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<sup>2</sup> Exchange listing standards are intended to ensure that the subject indexes are considered non-narrow based index, per the strictures of Sec 1a(25) of the Commodity Exchange Act (CEA), and therefore suitable as subjects for a futures contract. These requirements generally speak to a lack of concentration and sufficient liquidity amongst the index constituents.



The spread to LIBOR may be based on the relative credit ratings of the counterparties, the credit quality of the assets represented in the Custom Stock Index portfolio, and the relative liquidity of the Custom Stock Index constituents underlying the TRS.

**Utility of this Product** – Custom Stock Index Futures provide a transparent and facile mechanism that allows equity market participants to enter or exit positions in Custom Futures at a value that reflects the value of a customized equity index on any particular day. The availability of a futures contract on a customized equity index will provide significant utility to institutional portfolio managers seeking benchmarked returns against a customized index.

## 6. SGI Wise US Index Futures Contract Design Features

SGI WISE US Index futures are intended to provide a transparent, liquid, and simple 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.

**Contract Size** - The notional value of the 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 an 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 the 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). For example, 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 SGI Wise US Index futures contracts shall be 5,000 contracts, net long or net short, in all months combined.

**Block Trading** – Block trading is allowed in the context of these products with 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

**7. 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>3</sup>	\$50.00 (USD)	0.25 Index Points (\$12.50)	5,000 contracts
2	SGI WISE US Bottom Portfolio Index Futures <sup>4</sup>	\$50.00 (USD)	0.25 Index Points (\$12.50)	5,000 contracts
3	SGI WISE US Long/Short Portfolio Index Futures <sup>5</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 Custom Stock Index

<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.

<sup>4</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>5</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.

futures contract shall be as designated in Rule 38401 COMMODITY SPECIFICATIONS.

**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.

**38407. [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)

**Chapter 5,**

**588.G. Non-Reviewable Trading Ranges**

<u>Futures Contract</u>	<u>Non-Reviewable Range</u>
Eurodollar, E-mini Eurodollar and LIBOR	2.5 basis points
Long-Term U.S. Treasury Bond	30/32nds
U.S. T-Bond	30/32nds
10 Yr. T-Note (including OTR)	30/32nds
5 Yr. T-Note (including OTR)	15/32nds
3 Yr. T-Note	15/32nds
2 Yr. T-Note (including OTR)	15/32nds
30-Day Fed Funds	5 basis points
3-Month Overnight Index Swaps	5 basis points
Interest Rate Swaps (30 Yr., 10 Yr., 7 Yr., and 5 Yr.)	30/32nds
Euroyen	2.5 basis points
T-Bills	5 basis points
CME Barclays Capital U.S. Aggregate Index	2.00 index points
Eurozone HICP Futures	25 basis points
Currency Futures	40 ticks
FX\$Index	40 ticks
S&P 500 and E-mini S&P 500 (\$ and €)	6.00 index points
DJIA (\$5, \$10, \$25)	60 index points
S&P Citigroup Growth	4.00 index points
S&P Citigroup Value	4.00 index points
S&P Midcap 400 and E-mini S&P Midcap 400	4.00 index points
S&P Smallcap 600 and E-mini S&P Smallcap 600	4.00 index points
E-mini MSCI EAFE	12.00 index points
E-mini MSCI Emerging Markets	12.00 index points
E-mini S&P CNX Nifty	10.00 index points
E-micro S&P CNX Nifty	10.00 index points
<u>Custom Stock Index /SGI WISE US TOP</u>	<u>6.00 index points</u>
<u>Custom Stock Index /SGI WISE US BOTTOM</u>	<u>6.00 index points</u>
<u>Custom Stock Index /SGI WISE US Long/Short</u>	<u>6.00 index points</u>

**INTERPRETATIONS AND SPECIAL NOTICES RELATED TO CHAPTER 5**  
**Position Limits and Reportable Levels for Custom Index Futures**  
**(Additions are underlined. Deletions are struck through.)**

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									
E-Mini EAFE						*10,000		25	
E-Mini Nasdaq Biotech Stock Index						*10,000		25	
E-Mini Nasdaq Composite Index						*25,000		25	
E-Mini Nasdaq-100	Y					10,000 (B)		25	25
E-Mini S&P 500	Y					20,000 (C)		100	100
E-Mini S&P 500 End of Mo. Options	Y					20,000 (C)			100
E-Mini S&P MidCap 400	Y					5,000 (B)		25	25
Eurozone Harmonized Index						*5,000		25	



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
Ishares Russell 2000 Index Fund				13,500 (A)				25	
Nasdaq-100	Y					10,000 (B)		25	25
Power Shares QQQ (Nasdaq-100 Tracking)				11,250 (A)				25	
Nikkei 225	Y					*5,000		50	50
Nikkei 225 (JPY)	Y					*5,000		25	25
S&P 500	Y					20,000 (C)		100	100
S&P 500 American Flex Options	Y					20,000 (C)			25
S&P 500 Depository Receipts				22,500 (A)				25	
S&P 500 End of Mo. Options	Y					20,000 (C)			100
S&P 500 European Flex Options	Y					20,000 (C)			25
S&P 500 Growth	Y					20,000 (C)		25	25
S&P 500 Value	Y					20,000 (C)		25	25
S&P 500/Financial SPCTR						*12,500		25	
S&P 500/Technology SPCTR						*12,500		25	
S&P MidCap 400	Y					5,000 (B)		25	25
S&P SmallCap 600						25,000 (B)		25	
E-mini SmallCap 600	Y					25,000 (B)		25	25
E-mini FTSE Xinhua China 25						*5,000		25	
E-mini S&P CNX Nifty						5,000(B)		25	
E-micro S&P CNX Nifty						5,000 (B)		25	
Custom Index / SGI WISE US TOP						*5,000		25	
Custom Index / SGI WISE US BOTTOM						*5,000		25	
Custom Index / SGI WISE US Long/Short						*5,000		25	
Lehman Brothers US Aggregate Index	Y					*5,000		25	25
E-mini MSCI Emerging Markets						*10,000		25	
TRAKRS Index						*22,000,000		50,000	

\*Net futures equivalents (NFE) long or short.

(A) No more than the specified number of futures contracts net long or net short during the last five days of an expiring contract month.

(B) This is an aggregate position limit and is the specified number of futures or futures equivalent contracts net long or net short in all contract months combined. For the purpose of aggregation, one big futures contract shall be deemed equivalent to five E-Mini futures contracts or E-micro futures contracts as applicable to the product.

(C) This is an aggregate position limit in Standard & Poor's 500 Stock Price Index (S&P 500) futures and options, S&P 500 Growth futures, S&P 500 Value futures, and E-Mini S&P 500 futures and options, and is the specified number of S&P 500 futures or futures equivalent contracts net long or net short in all contract months combined. For purpose of aggregation: One S&P 500 futures contract shall be deemed equivalent to one S&P 500 Growth futures contract plus one S&P 500 Value futures contract. One S&P 500 futures contract shall be deemed equivalent to five E-Mini S&P 500 futures contracts.