

CME Group Equity Index Products

New CME Globex Trading Hours and Daily Price Limits Frequently Asked Questions

NOTE: All times listed are in Chicago Time / CT. These changes are pending regulatory review.

1. How is the trading day changing for CME Group equity index products on November 19, 2012?

Effective November 18 for first trade date November 19, 2012, the CME Globex trading day for equity index futures and options contrast listed at CME Group exchanges will change.

Currently, the equity index futures and options trading day ends at 3:15 p.m. CT, and the new trading day begins at 3:30 p.m. CT on CME Globex.

As of first trade date November 19, 2012, the trading day on CME Globex for these products will end at 4:15 p.m. CT, and the new trading day will begin at 5:00 p.m. CT.

Note: The Chicago floor hours for open outcry trading of equity index futures and options will not change. The open outcry hours will remain as 8:30 a.m. – 3:15 p.m. CT, Mondays – Fridays.

- **Current Equity Index Trading Hours on CME Globex (All times in CT):**
Sundays: 5:00 p.m. – 3:15 p.m. next day. New trading day begins at 3:30 p.m. on Monday afternoon.
Mondays – Thursdays: 3:30 p.m. – 4:30 p.m. and 5:00 p.m.–3:15 p.m. the next day. Weekly trading in equity index futures and options ends at **3:15 p.m.** on Friday afternoon.
- **New Equity Index Trading Hours on CME Globex as of November 19, 2012 (All times in CT):**
Sundays – Thursdays: 5:00 p.m. – 3:15 p.m. and 3:30 p.m. – 4:15 p.m. New trading day begins at 5:00 p.m. each weekday afternoon. Weekly trading in equity index futures and options ends at **4:15 p.m.** on Friday afternoon.

The trading week in equity index futures and options still will begin at 5:00 p.m. on Sundays, but will run until 4:15 p.m. on Monday, with a 15-minute trading cessation on CME Globex between 3:15 p.m. – 3:30 p.m. Note that the shorter afternoon CME Globex trading session that begins at 3:30 p.m.–4:15 p.m. will be for the same trade date (or “top” trade date). The next trading day begins at 5:00 p.m. – 4:15 p.m. the next day, with a 15-minute trading cessation between 3:15 p.m. – 3:30 p.m.

2. Will there be any changes to equity index futures and options trading on Fridays?

YES, equity index futures and options will trade on Fridays on CME Globex from 3:30 p.m.–4:15 p.m., versus the current practice of ending the Friday trading day at 3:15 p.m.

- Weekly and End-of-Month (EOM) options will continue to expire at 3:00 p.m. on Fridays, with automatic exercise of in-the-money options against the 3:00 p.m. reference price.
- Expiring serial options will trade from 3:30 p.m. -- 4:15 p.m. on serial option expiration day.

3. Will there be any changes to equity Index futures and options open outcry trading hours?

NO, open outcry trading hours for equity Index futures and options will continue to be Mondays through Fridays, 8:30 a.m. – 3:15 p.m. CT.

4. Will there be changes to equity index futures and options daily settlement price procedures?

NO, there will not be any changes to equity index futures and options daily settlement price procedures:

- Daily settlement times will remain at 3:15 p.m. CT.
- Following the changes to CME Globex trading hour changes, trades that occur between 3:30 p.m. -- 4:15 p.m. CT will be tied back to the 3:15 p.m. settlement price.

5. Why is the trading day for equity Index futures and options changing? How do daily equity index futures price limits impact these?

On May 31, 2012, the Securities Exchange Commission (“SEC”) issued an order to establish a one-year pilot program (effective February 4, 2013) to implement equity market rule changes to limit the impact of exceptional equity market price volatility.

The SEC’s rule changes **require that equity index price limits be calculated on a daily basis** rather than on a quarterly basis. The SEC indicated that the change to calculating circuit breaker levels daily would improve the calibration and sensitivity of U.S. equity market circuit breakers.

Consequently, for equity index futures and options traded at CME Group exchanges, we are changing the trading hours to help facilitate the calculation and implementation of the new daily price limits on these contracts.

6. How long will the SEC pilot program for market-wide circuit breakers last?

The SEC’s pilot program for market wide circuit breakers will begin on February 4, 2013 and run until February 4, 2014.

The SEC will review the forthcoming modifications to market-wide circuit breakers to determine whether to approve the changes on a permanent basis.

7. What other changes to equity market circuit breakers in the primary securities market are required by the SEC rulemaking?

The following changes will be effective as of February 4, 2013:

- The S&P 500 Index will become the equity index that triggers market-wide trading halts, rather than the Dow Jones Industrial Average (DJIA) that is currently used. Regulators and market participants believe the broader-based S&P 500 Index is a more meaningful benchmark against which to assess a serious market-wide decline, rather than the 30 listings that comprise the DJIA.
- The Level 1, Level 2 and Level 3 market-wide circuit breakers levels will be reduced to 7%, 13% and 20%, respectively, from the current 10%, 20% and 30% levels in effect. The maximum market-wide circuit breaker based on the S&P 500 Index will be 20%.
- If a Level 1 or Level 2 market-wide circuit breaker level is touched prior to 2:25 p.m. CT, a 15-minute market-wide trading halt will be triggered.
- After 2:25 p.m., only the 20% market-wide circuit breaker is in effect.
- In the event of an early close in the primary securities market, the 20% circuit breaker, as the sole circuit breaker, becomes effective 35 minutes prior to the early close.
- If the 20% circuit breaker is triggered, trading will halt for the remainder of the trading day.

8. How will CME Group exchanges comply with the new SEC rulemaking on market-wide circuit breakers effective as of February 4, 2013?

- To be consistent with the U.S. equity market-wide circuit breakers, the price limits for U.S. CME and CBOT equity index futures contracts will be changed from the current 10%, 20% and 30% price limits to 7%, 13% and 20% price limits as of February 4, 2013. The price limit methodology for Nikkei futures and S&P CNX Nifty futures will not change.
- The 7%, 13% and 20% price limits for E-mini S&P 500 futures and S&P 500 futures will become hard limits as of February 4, 2013, but they will not trigger a trading halt. E-mini S&P 500 futures and S&P 500 futures trading will halt only if a 7%, 13% or 20% market-wide circuit breaker has been triggered by a decline in the S&P 500 index.
- The 7%, 13% and 20% price limits for CME and CBOT U.S. Equity Index futures, other than the E-mini S&P 500 futures and S&P 500 futures, will follow the price limit methodology that currently is in place. When the primary futures contract, other than the E-mini S&P 500 or S&P 500 futures, 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 next applicable 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 next applicable price limit shall apply to such reopening.

- The 5% ETH up and down price limits currently in effect will continue to be in effective on and after February 4, 2013. The 5% up and down price limits will be effective from 5:00 p.m.—8:30 a.m. CT Sunday through Thursday, and from 3:00 p.m. – 4:15 p.m. CT Monday through Friday. Also, the 5% futures price down limit between 3:00 p.m. and 4:15 p.m. may not breach the 20% daily limit.
- The Equity index futures RTH Reference Price (“P”) used as the mid-point to establish daily equity index futures price limits will be based on a Volume Weighted Average Price (“VWAP”) determined between 2:59:30 p.m. and 3:00 p.m. CT rather than on the 3:15 p.m. futures settlement price. P is rounded down to the nearest tick or the smallest common valued tick if more than one futures contract is listed on an equity index. For example, the tick for E-mini S&P 500 futures equals 0.25 index points while the tick for standard S&P 500 futures equals 0.10 index points. The smallest common valued tick for these two contracts equals 0.50 index points.
- In the event of an early close of the primary securities market, the RTH Reference Price, P, shall be the VWAP for the lead E-mini S&P 500 futures contract calculated during the time period that corresponds to the last 30 seconds of the primary security market trading day.
- The daily price limit offsets used to establish the magnitude of the price limits will be based on the underlying cash equity index closing value (“I”) that is available at 3:10 p.m. rather than on the equity index futures 3:15 p.m. settlement price..
- For E-mini S&P 500 and S&P 500 futures, the daily price limits that are effective February 4, 2013, will be calculated as follows:

5.0% Price Limits = P plus and minus 5.0% of I, where 5% of I is rounded down to the nearest 0.50 index points, or $(P \pm 0.05 \times I)$ where $0.05 \times I$ is rounded down to the nearest 0.50 index point.

7.0% Price Limit = P minus 7.0% of I, where 7.0% of I is rounded down to the nearest 0.50 index points, or $(P - 0.07 \times I)$, where $0.07 \times I$ is rounded down to the nearest 0.50 index point.

13.0% Price Limit = P minus 13% of I, where 13% of I is rounded down to the nearest 0.50 index points, or $(P - 0.13 \times I)$, where $0.13 \times I$ is rounded down to the nearest 0.50 index point.

20.0% Price Limit = P minus 20% of I, where 20% of I is rounded down to the nearest 0.50 index points, or

$(P - 0.20 \times I)$, where $0.20 \times I$ is rounded down to the nearest 0.50 index point.

For all other CME and CBOT U.S. Equity Index Futures and Options

9. What changes to equity index futures price limits procedures will occur for a first trade date of November 19, 2012?

- CME and CBOT will phase in the daily price limits methodology starting November 18, 2012, for first trade date of November 19, 2012, for all contracts other than for the three (\$5, \$10, \$25 multiplier) Dow Jones Industrial Average ("DJIA") Index futures.
- The DJIA Index will continue to be used to trigger equity market-wide circuit breakers until February 4, 2013. DJIA Index market-wide circuit breakers and CBOT price limits for DJIA Index futures will be calculated on a quarterly basis until the primary security market changes to the use of daily price limits on February 4, 2013. Price limits for DJIA Index futures will not be calculated on a daily basis until February 4, 2013.
- To calculate daily price limits, the process cited in Question 10 will be used, but the daily price limit offsets will be based on the 10%, 20% 30% market-wide circuit breaker levels currently in effect (rather than the 7%, 13%, and 20% market-wide circuit breaker levels that become effective on February 4, 2013).
- The 5% ETH up and down price limits will continue to be in effect. The 5% up and down price limits will be effective from 5:00 p.m. -- 8:30 a.m. Sunday through Thursday, and from 3:00 p.m. -- 4:15 p.m. Monday through Friday. Also, the 5% futures price down limit between 3:00 p.m. and 4:15 p.m may not breach the 30% daily limit.
- The equity index futures RTH reference price ("P") used as the mid-point to establish daily equity index futures price limits will be based on a Volume Weighted Average Price ("VWAP") determined between 2:59:30 p.m. and 3:00 p.m. rather than on the 3:15 p.m. futures settlement price.
- In the event of an early close of the primary securities market, the RTH Reference Price, P, shall be the VWAP for the lead E-mini S&P 500 futures contract calculated during the time period that corresponds to the last 30 seconds of the primary security market trading day.
- The daily price limit offsets used to establish the magnitude of the price limits will be based on the underlying cash equity index closing value ("I") rather than on the equity index futures 3:15 p.m. settlement price.
- For E-mini S&P 500 and S&P 500 futures, the daily price limits effective November 19, 2012 will be calculated as follows:

5.0% Price Limits = P plus and minus 5.0% of I , where 5% of I is rounded down to the nearest 0.50 index points, or $(P \pm 0.05 \times I)$ where $0.05 \times I$ is rounded down to the nearest 0.50 index point.

10.0% Price Limit = P minus 10.0% of I , where 10.0% of I is rounded down to the nearest 0.50 index points, or $(P - 0.10 \times I)$, where $0.10 \times I$ is rounded down to the nearest 0.50 index point.

20.0% Price Limit = P minus 20% of I , where 20% of I is rounded down to the nearest 0.50 index points, or $(P - 0.20 \times I)$, where $0.20 \times I$ is rounded down to the nearest 0.50 index point.

30.0% Price Limit = P minus 30% of I , where 30% of I is rounded down to the nearest 0.50 index points, or $(P - 0.30 \times I)$, where $0.30 \times I$ is rounded down to the nearest 0.50 index point.

10. Will the new CME Group exchanges' price limits be coordinated with the new circuit breaker levels in the primary securities market?

Yes, CME Group exchanges' price limits for equity index products will continue to be coordinated with market-wide circuit breaker policies in the primary securities markets.

11. Once effective, where will the new CME Group daily price index limits be published?

A column for daily price limits will be added to each equity index contract's Quotes page on the CME Group website. To access these pages, visit www.cmegroup.com/equities and click on a contract in the Equity Product Slate list. The view defaults to the Quotes page.

Note that the column will not be added to the Quotes page view until daily price limits go into effect in November.

12. How long have CME Group exchanges' price limits (circuit breakers) been in effect for equity index futures and options?

Price limits were instituted in 1988 and have been revised many times since that date. The percentage-based price limit system began on April 15, 1998.

13. Who should I contact for more information?

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