



20 South Wacker Drive  
Chicago, IL 60606-7499  
www.cme.com

312/930.1000 tel  
312/466.4410 fax

## Special Executive Report

S-4339

September 23, 2005

### Stock Index Price Limits to be Revised Effective for 4<sup>th</sup> Quarter 2005

Exchange price limit rules for domestic stock index futures\* call for a quarterly re-assessment of price limits based on prevailing market prices. Limits are calculated quarterly at the close of business on the day preceding the commencement of a new calendar quarter. Thus, new limits shall become effective with the commencement of Electronic Trading Hours (ETH) on Friday, September 30 at 3:30 p.m. The revised limits shall be applicable throughout the 4<sup>th</sup> calendar quarter, 2005.

If limits were calculated using data collected through Thursday, September 22, price limits for the 4<sup>th</sup> calendar quarter of 2005 would be as set forth below. The official calculation will occur at the close of business on Friday, September 30. Details of the revised limits will appear on the Exchange's Web site at [www.cme.com](http://www.cme.com) shortly thereafter, and a Special Executive Report will appear on the Exchange floor before the opening of Regular Trading Hours (RTH) on Monday, October 3.

CME eliminated 2.5% price limits on May 13, 2001. Please also note that the former 2.5% "band" on CME<sup>®</sup> Globex<sup>®</sup> transactions has been modified. As of September 14, 2003, the default bands on all outright CME products equal two times (2x) the no-bust range. Note that any TRAKRS Index futures contract is an exception to this rule where a band calculated as the CME Last Price  $\pm 25\%$  is applied. The CME "Last Price" represents the last transaction or best bid or offer through the last transaction. These bands are recalculated quarterly using the same methodologies used to recalculate price limits.

*Pro-forma* limits and bands may be calculated as follows ...

#### *Pro-Forma* 4<sup>th</sup> Quarter 2005 Stock Index Price Limits and Bands

Contracts	5% Limit	10% Limit	15% Limit	20% Limit	2x No Bust Band	25% Band
S&P 500 <sup>®</sup> & E-mini <sup>™</sup>	60.00	120.00	180.00	240.00	12.00	na
MidCap 400 <sup>™</sup> & E-mini	35.00	70.00	105.00	140.00	6.00	na
S&P/BARRA Growth <sup>™</sup>	27.00	55.00	82.00	110.00	8.00	na
S&P/BARRA Value <sup>™</sup>	30.00	60.00	90.00	120.00	8.00	na
E-mini Russell 1000 <sup>®</sup>	32.00	65.00	97.00	130.00	6.00	na

\* Note, however, that futures on any TRAKRS<sup>SM</sup> Index trade without explicit price limits. Rather, TRAKRS Rules require trading halts coordinated with trading halts in the primary security markets.

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Contracts	5% Limit	10% Limit	15% Limit	20% Limit	2x No Bust Band	25% Band
<b>Russell 2000® &amp; E-mini</b>	32.00	65.00	97.00	130.00	6.00	na
<b>NASDAQ-100® &amp; E-mini</b>	75.00	150.00	225.00	300.00	40.00	na
<b>E-mini NASDAQ Composite®</b>	105.00	210.00	315.00	420.00	40.00	na
<b>LMC TRAKRS<sup>SM</sup></b>	na	na	na	na	na	11.15
<b>LS Tech TRAKRS II<sup>SM</sup></b>	na	na	na	na	na	5.05
<b>Select 50 TRAKRS<sup>SM</sup></b>	na	na	na	na	na	7.90
<b>Commodity TRAKRS<sup>SM</sup></b>	na	na	na	na	na	8.80
<b>Euro TRAKRS<sup>SM</sup></b>	na	na	na	na	na	7.15
<b>Gold TRAKRS<sup>SM</sup></b>	na	na	na	na	na	6.55
<b>S&amp;P 500 Financial SPCTR™</b>	19.00	38.00	57.00	76.00	6.00	na
<b>S&amp;P 500 Technology (Telecom/IT) SPCTR™</b>	11.00	22.00	33.00	44.00	6.00	na
<b>S&amp;P Smallcap 600™</b>	17.00	34.00	51.00	68.00	6.00	na

The Exchange's circuit breakers are re-assessed quarterly rather than established at fixed levels insofar as fixed limits are not responsive to on-going market fluctuations. CME rules are designed to coordinate with circuit breaker provisions as applied by the New York Stock Exchange (NYSE).

The NYSE enforces limits at 10%, 20% and 30% declines of the Dow Jones Industrial Average (DJIA), calculated at the beginning of each calendar quarter, using the average closing value of the DJIA for the prior month, rounded to the nearest 50 points. **Pro-forma** limits may be calculated at 1,050, 2,100 and 3,150 (limits were at 1,050, 2,100 and 3,150 index points during the previous calendar quarter).

The NYSE also places certain restrictions or "collars" on index arbitrage activity in the event of a 2% price advance or decline per NYSE Rule 80A. The **pro-forma** 2% trigger for the application of Rule 80A is calculated at 150 NYA points (the trigger stood at a level of 200 index points during the previous calendar quarter).

*Please consult the Rulebook for a complete description of the application of the circuit breaker provisions. Or, you may wish to direct any inquiries to Ariel Hantin, Senior Research Analyst, Product Research and Development at 312-559-4951.*

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\* The NYSE 2% collar was previously calculated using the DJIA average closing value for the prior month. Beginning with the 4<sup>th</sup> quarter 2005, the 2% collar will now be calculated using the NYSE Composite Index (NYA) average monthly closing value.