

New text is in *italics*. Deleted text is in brackets.

Eligibility and Maintenance Criteria for Security Futures Products

I. No Change

II. Maintenance Standards for a Security Futures Product Based on a Single Security

A. OneChicago will not open for trading any security futures product that is physically settled with a new delivery month, and may prohibit any opening purchase transactions in the security futures product already trading, to the extent it deems such action necessary or appropriate, unless the underlying security meets each of the following maintenance requirements; provided that, if the underlying security is an ETF Share, TIR or Closed-End Fund Share, the applicable requirements for initial listing of the related security futures product (as described in I.A. above) shall apply in lieu of the following maintenance requirements:

(i)–(iv) No Change.

(v) [It must have had a market price per security of at least \$5.00, as measured by the highest closing price reported in any market in which it has traded, for a majority of business days during the preceding six calendar months; provided, however, that OneChicago may waive this requirement and open for trading a security futures product with a new delivery month, if:

(a) The aggregate market value of the underlying security equals or exceeds \$50 million;

(b) Customer open interest (reflected on a two-sided basis) equals or exceeds 4,000 contracts for all delivery months;

(c) Its average daily trading volume (in all markets in which the underlying security is traded) has been at least 109,000 shares or receipts evidencing the underlying security in each of the preceding 12 months; and

(d) The market price per share or receipt of the underlying security closed at \$3.00 or above on a majority of the business days during the preceding six calendar months, as measured by the highest closing price for the underlying security reported in any market in which the underlying security traded, and the market price per share or receipt of the underlying security is at least \$3.00 at the time such additional series are authorized for trading. During the next consecutive six calendar month period, to satisfy this paragraph, the market price per share or receipt of the underlying security must be at least \$4.00.]

The market price per share of the underlying security closed below \$3.00

on the previous trading day to the Expiration Day of the nearest expiring Contract on the underlying security. The market price per share of the underlying security will be measured by the closing price reported in the primary market in which the underlying security traded.

Requirement (v) as Applied to Restructure Securities:

If a Restructure Security is approved for security futures product trading under the initial listing standards in Section I, the market price history of the Original Equity Security prior to the commencement of trading in the Restructure Security, including “when-issued” trading, may be taken into account in determining whether this requirement is satisfied.

(vi) No Change.

B–D No Change.

III. No Change

IV. No Change

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

OneChicago has prepared statements concerning the purpose of, and basis for, the proposed rule change, burdens on competition, and comments received from members, participants, and others. The text of these statements may be examined at the places specified in Item IV below. These statements are set forth in Sections A, B, and C below.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

OneChicago proposes to amend Maintenance Standard II.A.v to reduce the market price per share of the underlying security from \$5.00 to \$3.00. Under the proposed rule change, OneChicago would not open for trading a new delivery month for a Single Stock Future trading on OneChicago if the market price per share of the underlying security closed below \$3.00 on the previous trading day to the expiration of the nearest expiring Contract on the underlying security.⁴ The market price

⁴ OneChicago states that under the comparable equity options listing standard requirement, the market price per share of the underlying security must be at or above a \$3.00 last reported trade in the primary market in which the underlying security trades at the time a new series is added intraday, or for next-day or expiration series additions, at or above a \$3.00 primary market closing price on the previous trading day. Since Single Stock Futures do not operate in the same manner as options, this requirement was modified to accommodate Single Stock Futures. OneChicago states that it only adds a new delivery month for

per share of the underlying security would be determined by the closing price reported in the primary market in which the underlying security traded.

Currently, under OneChicago Maintenance Standard II.A.v., OneChicago may not open for trading a new delivery month unless the market price of the underlying security is at least \$5.00, as measured by the highest closing price reported in any market in which it has traded for a majority of business days during the preceding six calendar months. OneChicago may waive this requirement and open for trading a security future with a new delivery month only if certain criteria are met.⁵

OneChicago believes that opening of new contract months for trading in underlying securities that have a market price per share of \$3.00 or above is appropriate. The proposed rule change is reasonably designed to assure that security futures are not traded on securities that lack the sufficient liquidity needed to maintain fair and

trading once a month. Upon the expiration of the near term delivery month, OneChicago will open a new delivery month for trading. For example, when the February contract for XYZ expires on Friday, February 21, 2003, OneChicago would open for trading the May contract for XYZ, on Monday, February 24, 2003. All May contracts for all Single Stock Futures would be added on this date. Since new delivery months for Single Stock Futures are only added once a month, the proposed rule change requires that the market price (e.g., primary market closing price) per share of the underlying security be at or above \$3.00 on the day prior to the expiration of the nearest expiring Contract on the underlying security. In the example above, the market price of XYZ would have to be at or above \$3.00 on Thursday, February 20, 2003 in order for OneChicago to open the May contract for XYZ on Monday, February 24, 2003. OneChicago proposes this date because it represents the previous trading day to the date OneChicago would be required to notify the clearing authorities that it intends to open a new delivery month for trading.

⁵ OneChicago Maintenance Standard II.A.v. permits OneChicago to waive the market price per share requirement of at least \$5.00 if the following criteria are met: (a) The aggregate market value of the underlying security equals or exceeds \$50 million;

(b) Customer open interest (reflected on a two-sided basis) equals or exceeds 4,000 contracts for all delivery months;

(c) Its average daily trading volume (in all markets in which the underlying security is traded) has been at least 109,000 shares or receipts evidencing the underlying security in each of the preceding 12 months; and

(d) The market price per share or receipt of the underlying security closed at \$3.00 or above on a majority of the business days during the preceding six calendar months, as measured by the highest closing price for the underlying security reported in any market in which the underlying security traded, and the market price per share or receipt of the underlying security is at least \$3.00 at the time such additional series are authorized for trading. During the next consecutive six calendar month period, to satisfy this paragraph, the market price per share or receipt of the underlying security must be at least \$4.00.