

narrow-based security indices that would trade under the brand name "OneChicago Dow Jones MicroSector Futures" ("MicroSector Futures"). The proposed rule change would also amend OneChicago Rule 1002(e) relating to position limits, Rule 1002(i) relating to the final settlement price of MicroSector Futures and Rule 210 relating to employee confidentiality.

Dow Jones & Company, Inc. ("Dow Jones") with the assistance of OneChicago will maintain the Dow Jones MicroSector Index on which each MicroSector Futures is based in a manner consistent with the proposed Listing Standards.<sup>5</sup> Each Dow Jones MicroSector Index will initially be comprised of five component securities, which will be approximately equal dollar weighted. The five component securities will be selected based on their market capitalization, option volume, dollar volume and correlation to one another within an industry group as defined by the Dow Jones Global Classification Standard.

#### Weighting of Dow Jones MicroSectors

The initial notional value of each Dow Jones MicroSector Index will be \$40,000. Share lots will be created to "approximate equal dollar weighting" for each component security in a Dow Jones MicroSector Index. Therefore, the aggregate market value of the shares in each share lot will initially equal \$8,000.<sup>6</sup>

#### Composition of Dow Jones MicroSector Indexes

The proposed Listing Standards require each security to meet all of the following qualifications to be included in a Dow Jones MicroSector Index:

- Be registered under section 12 of the Exchange Act;<sup>7</sup>

- Be a common stock or an American Depositary Receipt ("ADR") representing common stock or ordinary shares;

- Be a component security in the Dow Jones U.S. Total Market Index or an ADR linked to a company in the Dow Jones Global Index <sup>SM</sup>;<sup>8</sup>

- Have U.S. exchange-traded options on the security;

- Have a trading history on a U.S. exchange for at least 12 months;

- Have a "float market capitalization"<sup>9</sup> of at least one billion dollars;<sup>10</sup>

- Have at least seven million shares or receipts evidencing the underlying security outstanding that are owned by persons other than those required to report their security holdings pursuant to Section 16(a) of the Act;<sup>11</sup> \*

- Have at least 2,000 security holders;\*

- Close at or above \$7.50 for each of the trading days in the three months prior to the Selection Date; and

- Have an average daily trading volume ("ADTV") for each of the 12 months prior to the Selection Date greater than 109,000 shares (an ADR must have an ADTV greater than 100,000 receipts).

A Dow Jones MicroSector will only be created if five or more securities in an eligible industry group qualify under the foregoing criteria.

#### Reconstitution and Rebalancing the Index

Under the proposed Listing Standards, a Dow Jones MicroSector Index will be reconstituted and rebalanced if the aggregate market value of the largest component is at least twice the aggregate market value of the smallest component for 50 percent or more of the trading days in the three

months prior to the Selection Date. Reconstitution and rebalancing are mandatory if, as a result of spin-offs or other corporate action, the number of component securities in the index exceeds five. OneChicago also reserves the right to rebalance quarterly at its discretion.

#### Corporate Actions

In the event Dow Jones needs to remove a stock from a Dow Jones MicroSector as a result of a bankruptcy, ten consecutive no-trade days, delisting from NYSE, Nasdaq, or Amex, or financial distress, Dow Jones will add a replacement security on the effective date of the removal to maintain a total of five component securities in the index. If a Dow Jones MicroSector falls below four stocks, either Dow Jones will replace the component securities to bring the number of component securities in the index back up to five or OneChicago will delist the related MicroSector Future.

Corporate actions affecting the price of the component securities in a Dow Jones MicroSector (e.g., splits and dividends) will require an adjustment of the share lots to maintain index integrity. The adjustments will be made before the open of trade on the effective date of the action. All adjustments to the share lots will preserve the weighting prior to and after the corporate event, causing no change to the index level or divisor. When a component security is removed from a Dow Jones MicroSector due to a merger, the common stock of the acquiring company will replace the component security in the index and will be kept in the index until the next Selection Date.

The following is a chart of how corporate actions will be handled:

#### CORPORATE ACTIONS

Type		Adjustments		Notes
Action	Company	Close price/action	Share lot	
Special Cash Dividend.	Component of Index.	Adj. Close=Prev. Close – Dividend.	Adj. Share Lot=(Share Lot* Prev Close)/Adj. Close.	
Stock Split or Dividend.	Component of Index.	Adj. Close=Prev. Close/Adjustment Factor.	Adj. Share Lot=Prev. Share Lot* Adjustment Factor.	Adjustment Factor=number of new shares for one old share

<sup>5</sup> In conjunction with the proposed rule change, OneChicago is amending Rule 210 to prevent potential misuse by OneChicago staff of material, non-public information in connection with the maintenance of the Dow Jones MicroSector Indexes.

<sup>6</sup> The number of shares will be calculated by dividing the initial notional dollar value of each share lot (\$8,000) by the closing price of the stock on the date on which the terms of the Dow Jones MicroSector Index are finalized or adjusted (the

"Selection Date") carried out to eight decimal places.

<sup>7</sup> OneChicago (not the index calculation agent, Dow Jones) is responsible for ensuring that the components of the Dow Jones MicroSector Indexes comply with the criteria identified by an asterisk (\*).

<sup>8</sup> Component securities in these indices are listed on the New York Stock Exchange, Inc. ("NYSE"), the American Stock Exchange LLC ("Amex") or the Nasdaq Stock Market, Inc. ("Nasdaq").

<sup>9</sup> "Float market capitalization" is the aggregate market value of the outstanding shares of the issuer which are available for trading by the public and does not include the market value of shares which are subject to trading restrictions.

<sup>10</sup> All market capitalization data is based on closing prices, number of outstanding shares, and number of shares available for trading by the public as of the Selection Date.

<sup>11</sup> 15 U.S.C. 78p(a).