

## NOTICE

June 30, 2011

### Summary of Content:

Stock index daily price limits for third quarter 2011

### For more information please contact:

Ted Doukas  
312- 836-6712  
[ted.doukas@theice.com](mailto:ted.doukas@theice.com)

### Media Inquiries:

Lee Underwood  
770-857-0342  
[Lee.Underwood@theice.com](mailto:Lee.Underwood@theice.com)

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## Stock Index Futures Contract Daily Price Limits For Third Quarter 2011

Exchange rules provide for daily price limits for all stock index futures contracts. The limit amounts for each product are reset on a quarterly basis. Limit amounts for the 3rd quarter 2011 are as follows:

Contract	10% Limit	20% Limit	30% Limit
Russell 1000 Mini	70	140	210
Russell 2000 Mini	80	160	240
Russell 1000 Value Mini	70	140	210
Russell 1000 Growth Mini	60	120	180
NYSE Composite	780	1560	2340

## Stock Index Price Limits – FAQ

### 1. How are the stock index price limits calculated?

Stock index price limits are established quarterly for each stock index futures contract. The percentages of 10% (Level 1 Limit), 20% (Level 2 Limit) and 30% (Level 3 Limit) are based on the average closing price of the lead month futures contract during the month prior to the end of each quarter (December, March, June and September). The average closing price of the lead month futures contract determines the level for the next quarter. For example, for the Russell 2000 Mini Index futures contract, the 10% or Level 1 Limit is computed as 10% of the average Russell 2000 Mini Index lead month futures contract closing price rounded to a multiple of 10 index points. The 20% limit is twice the 10%, and the 30% limit is three times the 10% limit. For each other Index futures contract, the Limit levels are calculated in this same manner based on closing prices for that product.

### 2. How does the 10% or Level 1 Limit work?

The 10% or Level 1 Limit is initiated if the lead month futures contract is limit offered, i.e., the number of Level 1 points for the quarter subtracted from the previous day's Settlement Price. Once this has occurred, trading on the futures contract will cease for a period of a few minutes in order to give market participants time to enter orders and prepare for an orderly resumption of trading. The Exchange will announce to the market the time at which the resumption will occur. When the market resumes after this halt, the 20% or Level 2 Limit will go into effect. After 2:30 p.m. New York time, the 10% or Level 1 Limit is removed and the 20% or Level 2 Limit becomes the effective limit.

### **3. How does the 20% or Level 2 Limit work?**

The 20% or Level 2 Limit is very similar to the 10% or Level 1 limit. It is initiated once the lead month futures contract is limit offered, i.e., the number of Level 2 points for the quarter subtracted from the previous day's Settlement Price. Once this has occurred, trading on the futures contract will cease for a period of a few minutes in order to give market participants time to enter orders and prepare for an orderly resumption of trading. The Exchange will announce to the market the time at which the resumption will occur. When the market resumes after this halt, the 30% or Level 3 Limit will go into effect.

### **4. What is the maximum daily limit?**

The maximum daily limit is 30% or Level 3, i.e., the number of Level 3 points for the quarter subtracted from the previous day's Settlement Price. Trading can occur at or above this limit and cannot trade below it.

### **5. Does the daily price limit for stock index futures affect trading of options on these contracts?**

Yes. Whenever a Level 1 or Level 2 trading halt is declared for a futures contract, trading of options on that future will also halt and will only resume when trading in the futures contract resumes. However, there is one exception. On an option's last trading day, there is no maximum daily price limit for the option and the option will continue to trade.

### **6. Are the ICE Futures U.S. stock index price limits coordinated with the primary securities market?**

Yes. ICE Futures U.S. stock index price limits are coordinated with the price limit policies in the primary securities markets. NYSE Rule 80B provides for price limits based upon a 10%, 20% and 30% decline in the Dow Jones Industrial Average (DJIA). NYSE Rule 80B provides that, if the DJIA declines by 10% prior to 2:00 p.m., trading will be halted for one hour. If the DJIA declines by 10% after 2:00 p.m. but before 2:30 p.m., trading will be halted for a half-hour. After 2:30 p.m., the 10% limit becomes inapplicable and the 20% limit becomes effective. Further, if the DJIA declines by 20% prior to 1:00 p.m., trading is halted for two hours. If the DJIA declines by 20% after 1:00 p.m. but prior to 2:00 p.m., trading will be halted for one hour. If the DJIA declines by 20% after 2:00 p.m., the market is closed for the remainder of the trading day. Finally, there is an absolute limit of 30%. If the DJIA declines by 30%, the market is closed for the remainder of the trading day. Activity on the NASDAQ and the AMEX exchanges are coordinated with NYSE Rule 80B.

### **7. What happens to stock index futures and options trading**

**when the primary securities market declares a trading halt?**

Whenever the NYSE declares a trading halt, ICE Futures U.S. will halt trading in its stock index futures and options trading. ICE Futures U.S. will only resume trading when trading resumes on the NYSE.

**8. Are the stock index price limits in effect for both up and down markets?**

No. Price limits are in effect for down markets only.

**9. Do these daily price limits apply to both electronic and floor trading of these products?**

Yes, the limits apply to stock index products regardless of whether they are listed for trading on the platform or the floor.