§ 240.3a55–3

(i) Such index had more than 9 component securities;
(ii) No component security in such index comprised more than 30 percent of the index’s weighting;
(iii) The 5 highest weighted component securities in such index did not comprise, in the aggregate, more than 60 percent of the index’s weighting; and
(iv) The dollar value of the trading volume of the lowest weighted 25% of such index was not less than $50 million (or in the case of an index with 15 or more component securities, $30 million); or

(3) On each trading day of the preceding 6 full calendar months, with respect to a date no earlier than 30 days prior to the commencement of trading such contract:
(i) Such index had at least 9 component securities;
(ii) No component security in such index comprised more than 30 percent of the index’s weighting; and
(iii) Each component security in such index was:
(A) Registered pursuant to Section 12 of the Act (15 U.S.C. 78) or was a depositary share representing a security registered pursuant to Section 12 of the Act;
(B) 1 of 750 securities with the largest market capitalization that day; and
(C) 1 of 675 securities with the largest dollar value of trading volume that day.

(b) An index that is not a narrow-based security index for the first 30 days of trading pursuant to paragraph (a) of this section, shall become a narrow-based security index if such index has been a narrow-based security index for more than 45 business days over 3 consecutive calendar months.

(c) An index that becomes a narrow-based security index solely because it was a narrow-based security index for more than 45 business days over 3 consecutive calendar months pursuant to paragraph (b) of this section shall not be a narrow-based security index for the following 3 calendar months.

(d) Definitions. For purposes of this section:
(1) Market capitalization has the same meaning as in §240.3a55–1(d)(5).
(2) Dollar value of trading volume of a security on a particular day is the value in U.S. dollars of all reported transactions in such security on that day. If the value of reported transactions used in calculating dollar value of trading volume is reported in a currency other than U.S. dollars, the total value of each day’s transactions shall be converted into U.S. dollars on the basis of a spot rate of exchange for that day obtained from at least one independent entity that provides or disseminates foreign exchange quotations in the ordinary course of its business.

(3) Lowest weighted 25% of an index has the same meaning as in §240.3a55–1(d)(5).
(4) Preceding 6 full calendar months has the same meaning as in §240.3a55–1(d)(8).
(5) Reported transaction has the same meaning as in §240.3a55–1(d)(10).

[66 FR 44514, Aug. 23, 2001]

§ 240.3a55–4 Exclusion from definition of narrow-based security index for indexes composed of debt securities.

(a) An index is not a narrow-based security index if:
(1) Each of the securities of an issuer included in the index is a security, as defined in section 2(a)(1) of the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) and section 3(a)(10) of the Act (15 U.S.C. 78c(a)(10)) and the respective rules promulgated thereunder, that is a note, bond, debenture, or evidence of indebtedness;
(ii) None of the securities of an issuer included in the index is an equity security, as defined in section 3(a)(11) of the Act (15 U.S.C. 78c(a)(11)) and the rules promulgated thereunder;