Chapter 106
WTI (NYMEX) Daily Option

10601. Description
10601.1 The WTI (NYMEX) Daily Option is a financially settled option referencing the NYMEX Light Sweet Crude Oil Futures contract. It is financially settled on exercise, may be exercised on its expiration day only, and expires with reference to the settlement price of the underlying future on the day on which it was traded.
10601.2 The CME Clearing Europe commodity code shall be ECD.

10602. Contract Size
10602.1 The contract size shall be 1,000 barrels.

10603. Contract Days
10603.1 WTI (NYMEX) Daily Options shall be available for the current business day only.

10604. Prices
10604.1 Prices shall be quoted in U.S. dollars and cents per barrel.
10604.2 The minimum price fluctuation shall be $0.01 per barrel.
10604.3 There shall be no maximum price fluctuation.
10604.4 A cabinet trade may occur at the price of $.001 per barrel or $1.00 per contract.

10605. Daily Settlement Prices
10605.1 The Clearing House shall establish settlement prices in respect of open positions for the purposes of position valuation and variation margin calculation, as described in the Clearing Procedures.

10606. Premium Payment
10606.1 Option premium shall be paid by the buyer to the Clearing House, and received by the seller from the Clearing House in full following the trade. Payments shall be made as directed by the Clearing House.
10607. **Strike Prices**
10607.1 Transactions in WTI (NYMEX) Daily Options may be submitted to the Clearing House with strike prices in increments of $0.50 per barrel, subject to any limits on the range of available strike prices published by the Clearing House.

10608. **Option Exercise**
10608.1 WTI (NYMEX) Daily Options may be exercised only on the last trading day, as described in 10609.1.

10609. **Termination of Trading**
10609.1 Trade submission shall cease at the end of the contract day.
10609.2 On the last trading day, as described in 10609.1, the final time for trade submission shall be 2:30pm New York time.

10610. **Expiry**
10610.1 A WTI (NYMEX) Daily Option Contract shall expire at the end of the contract day.
10610.2 On the Expiry Day, as described in 10610.1, the WTI (NYMEX) Daily Option Contract shall expire at 4:30pm New York time. Where an option is to be exercised by the buyer, such exercise must be notified to the Clearing House by the expiration time. Any WTI (NYMEX) Daily Option for which the Clearing House has not been notified of exercise by the expiration time shall be deemed to be abandoned.
10610.3 The Clearing House shall confirm the assignment of a WTI (NYMEX) Daily Option Contract to the seller as soon as reasonably practicable following the expiration time.

10611. **Underlying Reference Price**
10611.1 The Underlying Reference Price for each contract month is equal to the NYMEX settlement price of the NYMEX Light Sweet Crude Oil Futures first nearby contract on the Expiry Day, except as set out in 10611.2 below.
10611.2 The settlement price of the first nearby contract month will be used except on the last day of trading for the expiring NYMEX Light Sweet Crude Oil Futures contract when the settlement price of the second nearby NYMEX Light Sweet Crude Oil Futures contract will be used.

10612. **Final Settlement**
10612.1 Final settlement for the WTI (NYMEX) Daily Option Contract shall be by financial settlement.
10612.2 For call options, on expiration, the Final Settlement Value will be the greater of the Underlying Reference Price minus the Strike Price or zero, multiplied by the contract size. On exercise, the buyer shall receive the Final Settlement Value as directed by the Clearing House. On assignment, the seller shall pay the Final Settlement Value as directed by the Clearing House.

10612.3 For put options, on expiration, the Final Settlement Value will be the greater of the Strike Price minus the Underlying Reference Price or zero, multiplied by the contract size. On exercise, the buyer shall receive the Final Settlement Value as directed by the Clearing House. On assignment, the seller shall pay the Final Settlement Value as directed by the Clearing House.

Last updated: 3 May 2011