Chapter 114
Brent Crude Oil (ICE) Average Price Option

11401. **Description**
11401.1 The Brent Crude Oil (ICE) Average Price Option is a financially settled option referencing the Brent Crude Oil (ICE) Calendar Swap contract (CME Clearing Europe commodity code: ECY). It is an Asian Style average price option which is financially settled on exercise, and may be exercised on its expiration day only.
11401.2 The CME Clearing Europe commodity code shall be EBA.

11402. **Contract Size**
11402.1 The contract size shall be 1,000 barrels.

11403. **Contract Months**
11403.1 Brent Crude Oil (ICE) Average Price Options shall be available for consecutive calendar months for the balance of the current calendar year and monthly for a further 7 consecutive calendar years.

11404. **Prices**
11404.1 Prices shall be quoted in U.S. dollars and cents per barrel.
11404.2 The minimum price fluctuation shall be $0.01 per barrel.
11404.3 There shall be no maximum price fluctuation.
11404.4 A cabinet trade may occur at the price of $.001 per barrel or $1.00 per contract.

11405. **Daily Settlement Prices**
11405.1 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.

11406. **Premium Payment**
11406.1 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.
Strike Prices

Transactions in Brent Crude Oil (ICE) Average Price Options may be submitted to the Clearing House with strike prices in increments of $0.05 per barrel, subject to any limits on the range of available strike prices published by the Clearing House.

Option Exercise

Brent Crude Oil (ICE) Average Price Options may be exercised only on the last trading day, as described in 11409.1.

Termination of Trading

Trade submission shall cease on the last business day of the contract month.

On the last trading day, as described in 11409.1, the final time for trade submission shall be 7:30pm London time.

Expiry

A Brent Crude Oil (ICE) Average Price Option Contract shall expire on the last business day of the calendar month.

On the Expiry Day, as described in 11410.1, the Brent Crude Oil (ICE) Average Price 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 Brent Crude Oil (ICE) Average Price Option for which the Clearing House has not been notified of exercise by the expiration time shall be deemed to be abandoned.

The Clearing House shall confirm the assignment of a Brent Crude Oil (ICE) Average Price Option Contract to the seller as soon as reasonably practicable following the expiration time.

Underlying Reference Price

The Underlying Reference Price for each contract month is equal to the arithmetic average of the ICE Brent Crude Oil Futures first nearby contract settlement price for each business day that it is determined during the contract month, except as set out in paragraph 11411.2 below.

The settlement price of the first nearby contract month will be used except on the last day of trading for the expiring Brent Crude Oil Futures contract on ICE when the settlement price of the second nearby Brent Crude Oil Futures contract will be used.
11412. **Final Settlement**

11412.1 Final settlement for the Brent Crude Oil (ICE) Average Price Option Contract shall be by financial settlement.

11412.2 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.

11412.3 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.

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