Chapter 243

New York ULSD Heating Oil (NYMEX) European Style Option

24301. Description
24301.1 The New York ULSD Heating Oil (NYMEX) European Style Option is a financially settled option referencing the NYMEX New York Harbor ULSD Heating Oil Futures contract. It is financially settled on exercise, and may be exercised on its expiration day only.
24301.2 The CME Clearing Europe commodity code shall be ELB.

24302. Contract Size
24302.1 The contract size shall be 42,000 gallons.

24303. Contract Months
24303.1 New York ULSD Heating Oil (NYMEX) European Style Options shall be available for consecutive calendar months for the balance of the current year and three additional full calendar years.

24304. Prices
24304.1 Prices shall be quoted in U.S. dollars and cents and hundredths of cents per gallon.
24304.2 The minimum price fluctuation shall be $0.0001 per gallon.
24304.3 There shall be no maximum price fluctuation.
24304.4 A cabinet trade may occur at the price of $0.000238 per gallon or $1.00 per contract.

24305. Daily Settlement Prices
24305.1 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.

24306. Premium Payment
24306.1 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.

24307. Strike Prices
Transactions in New York ULSD Heating Oil (NYMEX) European Style Options may be submitted to the Clearing House with strike prices in increments of $0.01 per gallon, subject to any limits on the range of available strike prices published by the Clearing House.

Option Exercise

New York ULSD Heating Oil (NYMEX) European Style Options may be exercised only on the last trading day, as described in 24309.1.

Termination of Trading

Trade submission shall cease three NYMEX business days prior to the last trading day of the NYMEX New York Harbor ULSD Heating Oil Futures contract for the same contract month.

On the last trading day, as described in 24309.1, the final time for trade submission shall be 2:30pm New York time.

Expiry

A New York ULSD Heating Oil (NYMEX) European Style Option Contract shall expire on the last trading day, as described in 24309.1.

On the Expiry Day, as described in 24310.1, the New York ULSD Heating Oil (NYMEX) European Style 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 New York ULSD Heating Oil (NYMEX) European Style 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 New York ULSD Heating Oil (NYMEX) European Style 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 NYMEX settlement price of the NYMEX New York Harbor ULSD Heating Oil Futures for the same contract month on the Expiry Day.

Final Settlement

Final settlement for the New York ULSD Heating Oil (NYMEX) European Style Option Contract shall be by financial settlement.
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.

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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