

Chapter 203A

Options on Northern Bleached Softwood Kraft Pulp – Europe Futures

203A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Northern Bleached Softwood Kraft Pulp-Europe futures. In addition to this chapter, options on Northern Bleached Softwood Kraft Pulp-Europe futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

203A01. OPTIONS CHARACTERISTICS

203A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

203A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Northern Bleached Softwood Kraft Pulp-Europe futures contract as specified in Chapter 203.

203A01.C. Minimum Fluctuations

The price of an option shall be quoted in dollars per metric tonne. Minimum price fluctuations shall be in multiples of \$.50 per tonne. A trade may also occur at a price of \$.25 per tonne, whether or not it results in the liquidation of positions for both parties to the trade.

203A01.D. Underlying Futures Contract

The underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in January is the January futures contract.

203A01.E. Exercise Prices

The exercise prices shall be stated in terms of dollars per metric tonne at intervals of \$5, e.g., \$470, \$475, \$480, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of \$100 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid or offer in the underlying futures contract occurs at, or passes through, an exercise price, put and call option contracts at the next higher (or lower) exercise price in a \$100 range shall commence trading on the next trading day. New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

203A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

203A01.G. [Reserved]

203A01.H. [Reserved]

203A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract

203A01.J. [Reserved]

203A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Northern Bleached Softwood Kraft Pulp-Europe options.

203A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any Business Day the option is traded. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7 p.m. on the day of final settlement by the clearing member representing the option buyer, be exercised automatically. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

203A02.B. Assignment

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following Business Day.

The clearing member assigned an Exercise Notice shall be assigned a short position in the underlying futures contract if a call was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the Trading Day following acceptance by the Clearing House of the Exercise Notice.

203A03. [RESERVED]

(End Chapter 203A)

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 203A

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