

Chapter 1121

Coal (API 8) cfr South China (Argus/McCloskey) Option on Quarterly Futures Strip

1121100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Coal (API 8) cfr South China (Argus/McCloskey) futures contracts. In addition to the rules of this chapter, transactions in options on Coal (API 8) cfr South China (Argus/McCloskey) futures shall be subject to the general rules of the Exchange insofar as applicable.

1121101. OPTION CHARACTERISTICS

The number of months open for trading at a given time shall be determined by the Exchange.

1121101.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1121101.B. Trading Unit

The Coal (API 8) cfr China (Argus/McCloskey) Option on Quarterly Futures Strip is an option on the Coal (API 8) cfr China (Argus/McCloskey) Futures contract.

On exercise of a call option, the long position will be assigned three consecutive long futures months beginning with the underlying month of the Coal (API 8) cfr China (Argus/McCloskey) Futures contract at the strike price. On exercise of a put option, the long position will be assigned three consecutive short futures months beginning with the underlying month of the Coal (API 8) cfr China (Argus/McCloskey) Futures contract at the strike price.

1121101.C. Price Increments

Prices shall be quoted in dollars and cents per metric tons and prices shall be in multiples of \$0.01 per metric ton. The minimum price increment will be \$0.01.

1121101.D. Position Limits and Position Accountability

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.

1121101.E. Termination of Trading

The option contract shall expire 30 calendar days prior to the first calendar day of the first month in the strip of deliverable futures. If such day is not a London business day, trading shall terminate on the preceding London business day. Trading shall cease at 3:30 p.m. London Time on the expiration day.

Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 6:00 p.m. London time on the Expiration Day. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on the settlement price for the underlying strip of futures on the Expiration Day.

1121101.F. Type Option

The option is a European-style option which exercises into underlying futures.

1121102. EXERCISE PRICES

Transactions shall be conducted for option contracts as set forth in Rule 300.20.

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