

Chapter 387

RBOB Gasoline Crack Spread Option

387.01 EXPIRATION OF RBOB GASOLINE CRACK SPREAD OPTION

ARBOB Gasoline Crack Spread Option contract on the Exchange shall expire at the close of trading on the business day immediately preceding the expiration of the underlying crude oil futures contract. The expiration date shall be announced prior to the listing of the option contract.

387.02 TRADING UNIT FOR RBOB GASOLINE CRACK SPREAD OPTION

A RBOB Gasoline Crack Spread put Option contract traded on the Exchange represents an option to assume a short position in the underlying RBOB Gasoline Futures contract and a long position in the underlying light "sweet" crude oil futures contract traded on the Exchange. A call option represents an option to assume a long position in the underlying RBOB Gasoline Futures contract and a short position in the underlying light "sweet" Crude Oil futures contract traded on the Exchange.

387.03 TRADING MONTHS FOR RBOB GASOLINE CRACK SPREAD OPTION

Trading in RBOB Gasoline Crack Spread Options shall be conducted in the months as shall be determined by the Board of Directors. Trading shall commence on the day fixed by resolution of the Board of Directors.

387.04 HOURS OF TRADING IN RBOB GASOLINE CRACK SPREAD OPTIONS

The hours of trading in RBOB Gasoline Crack Spread Option on the Exchange shall be the same as the hours of trading for RBOB Gasoline Futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

387.05 STRIKE PRICES FOR RBOB GASOLINE CRACK SPREAD OPTION

(A) Trading shall be conducted for options with strike prices in increments of 25 cents (\$0.25).

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the differential between the previous day's settlement prices for RBOB Gasoline Futures (on a per barrel basis) and light "sweet" Crude Oil futures contracts in the corresponding delivery month rounded off to the nearest strike price unless such differential is precisely midway between two strike prices in which cases it shall be rounded off to the lower strike price and (ii) the five strike prices which are five increments higher than the strike price described in (i) of this Rule xxx.05(B) and (iii) the five strike prices which are five increments lower than the strike price described in (i) if this Rule xxx.05(B), provided that such strike prices are not less than zero.

(C) Thereafter, on any business day prior to the expiration of the option, new consecutive strike prices for both puts and calls will be added such that at all times there will be at least five strike prices above and below the at-the-money strike price available for trading in all option contract months, provided that such strike prices are not less than zero. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (B) of this Rule xxx.05. Except as provided in subsection (D) below, strike prices will only be added such that additions result in increasing the total number of either the above-the-money or below-the-money strike prices to five.

(D) In addition to the strike prices provided for in subsections (B) and (C), three strike prices above the settlement price will be listed. These strike prices will be determined by taking the highest strike price provided for in subsections (B) and (C), and rounding it to the nearest higher \$1.00 increment. If no strike price at such levels is then listed, it will be added and two additional strike prices will be added at \$2.00 increments above that.

(E) Notwithstanding the provisions of subsections (A) through (D) of this Rule, if the Board determines that trading in RBOB Gasoline Crack Spread Options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an RBOB Gasoline Crack Spread Option in which no new strike prices may be introduced.

387.06 PRICES IN RBOB GASOLINE CRACK SPREAD OPTION

Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of \$0.01 (1 cent) per barrel; provided, however, that those out-of-the-money call (put) options which either trade at or are bid (offered) at a price of 5 cents per barrel (\$.05 per barrel) or less, on a particular business day may be quoted in multiples of one-half cent per barrel (\$0.005 per barrel) on that business day. A cabinet trade may occur at a price of \$0.001 per barrel, or \$1.00 per contract.

387.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR RBOB GASOLINE CRACK SPREAD OPTION

Trading in RBOB Gasoline Crack Spread Options shall not be subject to price fluctuation limitations.

387.08 FUTURES PRICES AT EXERCISE OF AN RBOB GASOLINE CRACK SPREAD OPTION

The prices assigned to the underlying futures contracts upon exercise of the option shall be determined by adding the option strike price to the light "sweet" Crude Oil settlement price on the day of exercise and dividing by 42, and

- (a) if the resulting quotient is equal to .XX00 or .XX50, the light "sweet" Crude Oil futures contract will be priced at the light "sweet" Crude Oil futures contract settlement price and the RBOB Gasoline Futures contract will be priced at the light "sweet" Crude Oil futures contract settlement price plus the option strike price divided by 42; or
- (b) if the resulting quotient is greater than .XX00 but less than .XX50, the RBOB Gasoline Futures contract will be priced at the quotient rounded up to .XX50 and the light "sweet" Crude Oil futures will be priced at the RBOB Gasoline Futures contract priced above multiplied by 42, less the option strike price; or
- (c) if the resulting quotient is greater than .XX50, but less than or equal to .XX99, the RBOB Gasoline Futures contract will be priced at the quotient rounded up to .XX00 and the light "sweet" Crude Oil futures contract will be priced at the RBOB Gasoline Futures contract price derived above multiplied by 42, less the option strike price.