

Chapter 525B

Panhandle Basis (Platts IFERC) Option

525B.01 TYPE OPTION

A Panhandle Basis (Platts IFERC) Option contract is a European Style spread option financially-settled upon termination of the Panhandle Basis Swap (Platts IFERC) Futures contract.

525B.02 EXPIRATION

A Panhandle Basis (Platts IFERC) Option contract shall expire on the same business day as the underlying Panhandle Basis Swap (Platts IFERC) Futures contract. The option cannot be exercised prior to expiration.

525B.03 TRADING UNIT

On expiration of a call option, the value will be the difference between the settlement price of the underlying Panhandle Basis Swap (Platts IFERC) Futures contract and the strike price multiplied by 2,500 MMBtu, or zero, whichever is greater. On exercise of a put option, the value will be the difference between the strike price and the settlement price of the underlying Panhandle Basis Swap (Platts IFERC) Futures contract multiplied by 2,500 MMBtu, or zero, whichever is greater.

525B.04 HOURS OF TRADING

The Panhandle Basis (Platts IFERC) Option contract is available for open outcry trading on the Exchange trading floor between 9:00 a.m. to 2:30 p.m. (New York Prevailing time) Monday through Friday, except on Exchange Holidays.

The Panhandle Basis (Platts IFERC) Option contract is available for clearing on CME ClearPort from 6:00 p.m. Sundays through 5:15 p.m. Fridays (New York Prevailing time), with a 45-minute break each day between 5:15 p.m. and 6:00 p.m., except on Exchange Holidays.

525B.05 STRIKE PRICES

Trading shall be conducted for options with strike prices in increments as set forth below.

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the difference between the previous day's settlement price for the underlying Panhandle Basis Swap (Platts IFERC) Futures contract rounded off to the nearest one cent (.01) increment, unless such settlement price is precisely midway between two one-cent increments in which case it shall be rounded off to the lower one-cent increment; and (ii) the ten strike prices which are ten one-cent increments higher than the strike price described in section (i) of this Rule 525B.05(A).

(B) Thereafter, on any business day prior to the expiration of the option, new strike prices for both puts and calls will be added such that at all times there will be at least ten one-cent increment strike prices above and below the at-the-money strike price available for trading in all option contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (A) of this Rule 525B.05.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in Panhandle Basis (Platts IFERC) Option contract will be facilitated

thereby, the Exchange 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 a Panhandle Basis (Platts IFERC) Option contract in which no new strike prices may be introduced.

525B.06 TRADING MONTHS

Trading in Panhandle Basis Option contract shall be conducted in the months determined by the Exchange. Trading shall commence on the day fixed by resolution of the Exchange.

525B.07 PRICES

Prices shall be quoted in dollars and hundredths of cents per MMBtu. The minimum price fluctuation will be \$.0001 per MMBtu.

525B.08 ABSENCE OF PRICE FLUCTUATION LIMITATIONS

Trading in Panhandle Basis (Platts IFERC) Option contract shall not be subject to price fluctuation limitations.