

Chapter 917

Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Quarterly Futures Strip

917.01 SCOPE

The provisions of these Rules shall apply to all call and put option contracts bought or sold on the Exchange.

917.02 TRADING UNIT

The Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Quarterly Futures Strip is an option on the Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Swap Futures contract. On expiration of a call option, the long position will be assigned three consecutive long futures months beginning with the underlying month of the Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Swap 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 4) fob Richards Bay (ARGUS-McCloskey) Swap Futures contract at the strike price.

917.03 EXPIRATION

The Expiration Day shall be 30 calendar days prior to the first calendar day of the first calendar month in the strip of deliverable futures. If such day is not a UK business day, the Expiration Day shall be the first preceding UK business day.

917.04 OPTION EXERCISE

Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 3:00 p.m. London time on the Expiration Day. The option contract shall not be automatically exercised by the Clearing House on the Expiration Day.

917.05 TRADING MONTHS

Trading in the option contract shall be conducted in the months as shall be determined by the Exchange.

917.06 TERMINATION OF TRADING

Trading shall cease at 2.30 p.m. London time on the Expiration Day.

917.07 STRIKE PRICES

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

(B) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's settlement price for Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Swap Futures contracts in the first calendar month in the strip of deliverable futures (or implied previous day's settlement price if listing is concurrent) rounded off to the nearest \$0.50 strike price unless such settlement price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price and (ii) the ten \$0.50 increment strike prices which are ten \$0.50 increments higher than the strike price described in (i) of this Rule 917.07(B) and (iii) the ten \$0.50 increment strike prices which are ten \$0.50 increments lower than the strike price described in (i) of this Rule 917.07(B).

(C) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least ten \$0.50 strike prices above and below the at-the-money strike price available for trading in all options contract months, provided that each such strike price shall be above zero. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (B)(i) of this Rule 917.07.

(D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Exchange determines that trading in the 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 an option contract in which no new strike prices may be introduced.

917.08 PRICES AND FLUCTUATIONS

Prices and strike prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be \$0.01 per metric ton (\$30.00 per contract).

917.09 ABSENCES OF PRICE FLUCTUATION LIMITATIONS

Trading in the option contract shall not be subject to price fluctuation limitations.

917.10 DISCLAIMER

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