



Special Executive Report

DATE: June 27, 2017
SER#: 7952
SUBJECT: Amendments to Option Exercise and Termination of Trading Rules of Six (6) Coal Option Contracts

Effective Wednesday, July 12, 2017, for trade date Thursday, July 13, 2017, and pending all relevant regulatory review periods, New York Mercantile Exchange, Inc. (“NYMEX” or “the Exchange”) will amend the Option Exercise and Termination of Trading rules (the “Rule Amendments”) of the six (6) coal option contracts (the “Contracts”) noted in the table below.

Contract Title	NYMEX Rulebook chapter	Commodity Code
Coal (API 2) cif ARA (ARGUS-McCloskey) Option on Calendar Futures Strip	910	CLA
Coal (API 2) cif ARA (ARGUS-McCloskey) Option on Quarterly Futures Strip	909	CQA
Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Calendar Futures Strip	918	RLA
Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Quarterly Futures Strip	917	RQA
Coal (API 2) cif ARA (Argus-McCloskey) Short Dated Option on Calendar Futures Strip	1115	MTC
Coal (API 4) fob Richards Bay (Argus-McCloskey) Short Dated Option on Calendar Futures Strip	1114	MFY

Specifically, the Exchange is amending the timing of termination of trading and of option exercise on the respective options’ expiration day. The Exchange will enable automated exercise functionality to the Contracts with reference to the intraday price assessments for coal markets provided by The London Energy Brokers’ Association (“LEBA”) on option expiration day. Market participants will continue to have the ability to submit contrary instructions for the Contracts in accordance with the Exchange rules.

The amendments will take effect commencing with the January 2019 contract month for the calendar futures strip options (CLA, RLA), and with the April 2018 contract month for the quarterly futures strip options (CQA, RQA) and for the short-dated calendar future strip options (MTC, MFY). These amendments will be applied to contract months that currently do not have open interest.

On expiration day, the amended timing is as follows:

Option Ceases Trading	12:30 p.m. London Time Trading terminates 30 calendar days prior to the first calendar day of the Contract Month. If such day is not a UK business day, trading terminates on the first preceding UK business day.	(7:30 a.m. New York time)
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Auto-exercise	Around 1:00 p.m. London Time All options that are “In-the-money” are auto-exercised by the Exchange with reference to intraday prices published by the London Energy Brokers’ Association (‘LEBA’) on the expiration day.	(8:00 a.m. New York time)
Contra Instructions	2:30 p.m. London Time Contra-instructions which overwrite the auto-exercise can be submitted to up to 2:30 p.m.	(9:30 a.m. New York time)
CME Positions and Expiration Report available	2:30 p.m. London Time	(9:30 a.m. New York time)

Appendix A provides NYMEX rulebook chapter amendments in blackline format.

For additional information, please contact:

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Appendix A

NYMEX Rulebook

(**bold underline** indicates addition; ~~strikethrough~~ indicates deletion)

Chapter 910

Coal (API 2) cif ARA (ARGUS-McCloskey) Option on Calendar Futures Strip

910.04 OPTION EXERCISE

(FOR ALL CONTRACT MONTHS PRIOR TO JANUARY 2019)

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 6:00 p.m. London time on the Expiration Day, except as noted below. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract. In the event the underlying reference price used by the Exchange is not available by 5:45 p.m. London time, the notice of exercise may be delivered no later than fifteen (15) minutes after the publication of the underlying reference price.

910.04 OPTION EXERCISE

(FOR ALL CONTRACT MONTHS COMMENCING WITH JANUARY 2019 AND BEYOND)

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 2:30 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 a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract.

910.06 TERMINATION OF TRADING

(FOR ALL CONTRACT MONTHS PRIOR TO JANUARY 2019)

Trading shall cease at 5.00 p.m. London time on the Expiration Day.

910.06 TERMINATION OF TRADING

(FOR ALL CONTRACT MONTHS COMMENCING WITH JANUARY 2019 AND BEYOND)

Trading shall cease at 12.30 p.m. London time on the Expiration Day.

Chapter 909
Coal (API 2) cif ARA (ARGUS-McCloskey) Option on Quarterly Futures Strip

909.04 OPTION EXERCISE

(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)

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909.04 OPTION EXERCISE

(FOR ALL CONTRACT MONTHS COMMENCING WITH APRIL 2018 AND BEYOND)

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 2:30 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 a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract.

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Chapter 918
Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Calendar
Futures Strip

918.04 OPTION EXERCISE

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Chapter 917
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Futures Strip

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Chapter 1115
Coal (API 2) cif ARA (Argus-McCloskey) Short Dated Option
on Calendar Futures Strip

1115101.E. Termination of Trading

(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)

The option Expiration Day shall be 30 calendar days prior to the first calendar day of the contract month. If such day is not a UK business day, the Expiration Day shall be the first preceding UK business day. Trading shall cease at 5:00 p.m. London time on the option's Expiration Day.

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Chapter 1114
Coal (API 4) fob Richards Bay (Argus-McCloskey) Short Dated Option
on Calendar Futures Strip

1114101.E. Termination of Trading

(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)

The option Expiration Day shall be 30 calendar days prior to the first calendar day of the contract month. If such day is not a UK business day, the Expiration Day shall be the first preceding UK business day. Trading shall cease at 5:00 p.m. London time on the option's Expiration Day.

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