

Chapter 260A

Options on Russian Ruble/U.S. Dollar (RUB/USD) Futures

260A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Russian ruble/U.S. dollar futures. In addition to this chapter, options on Russian ruble/U.S. dollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

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Options contracts covered by this chapter may also be referred to as:

RUB/USD Monthly Options

RUB/USD Weekly Friday Options

260A01. OPTIONS CHARACTERISTICS

260A01.A. Contract Months, Trading Hours, and Trading Halts

Options contracts shall be listed for such contract months (i.e., expirations) and scheduled for trading during such hours, except as indicated below, as may be determined by the Exchange.

260A01.B Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Russian ruble/U.S. dollar futures contract as specified in Chapter 260.

260A01.C. Price Increments

The price of an option shall be quoted in U.S. dollars per Russian ruble. Each \$.000005 per Russian ruble (one-half point) shall represent \$12.50. For example, a quote of .000305 represents an option price of \$762.50 (30.5 points x \$25.00 per point). The minimum fluctuation shall be one-half point (also known as one-half tick).

260A01.D. Underlying Futures Contract

1. Monthly Options

The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading.

2. Weekly Options

For weekly Russian ruble/U.S. dollar option contract listings, the underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading.

260A01.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

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.

260A01.F. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

260A01.G. [Reserved]

260A01.H. Termination of Trading

1. Monthly Options

Trading in monthly options on the Russian ruble/U.S. dollar futures contract shall terminate at 12:30 p.m. Moscow time two business days prior to the 15th of the month. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

2. Weekly Friday Options

Trading in weekly Friday options shall terminate at 12:30 p.m. Moscow time on those Fridays that are not in the same week as the termination of trading of a monthly option as described in the immediately preceding paragraph. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly Friday options shall terminate on the immediately preceding Business Day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

260A01.I. [Reserved]

260A01.J. Exercise Prices and Listing of Exercise Prices

1. Front Three Monthly Options

At the commencement of trading in a contract month for monthly options on Russian ruble/U.S. dollar futures, the Exchange shall list put and call options at the \$0.0001 regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. In addition, the Exchange shall list put and call options at the next twenty higher and next twenty lower regular exercise prices for options on Russian ruble/U.S. dollar futures.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a \$0.0001 regular exercise price interval of the twentieth highest or twentieth lowest existing regular exercise price for options on Russian ruble/U.S. dollar futures, put and call options at the next higher or next lower regular exercise price shall be listed for trading on the next Trading Day. New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

2. Non-Front (Fourth and beyond) Monthly Options

At the commencement of trading in a contract month for monthly options on Russian ruble/U.S. dollar futures, the Exchange shall list put and call options at the \$0.00020 regular exercise price that is nearest the previous day's settlement price of the underlying futures contract. In addition, the Exchange shall list put and call options at the next twenty higher and next twenty lower regular exercise prices for options on Russian ruble/U.S. dollar futures.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a \$0.00020 regular exercise price interval of the twentieth highest or twentieth lowest existing regular exercise price for options on Russian ruble/U.S. dollar futures, put and call options at the next higher or next lower regular exercise price shall be listed for trading on the next Trading Day. New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

3. Weekly Options

At the commencement of trading in a weekly option on Russian ruble/U.S. dollar futures, the Exchange shall list put and call options at the \$0.00010 regular exercise price that is nearest the previous day's

settlement price of the underlying futures contract. In addition, the Exchange shall list put and call options at the next fifteen higher and next fifteen lower regular exercise prices for options on Russian ruble/U.S. dollar futures.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a \$0.00010 regular exercise price interval of the fifteenth highest or fifteenth lowest existing regular exercise price for options on Russian ruble/U.S. dollar futures, put and call options at the next higher or next lower regular exercise price shall be listed for trading on the next Trading Day. New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

4. Dynamically-Listed Exercise Prices.

Upon demand and at the discretion of the Exchange, new out-of-current-range exercise prices at regularly defined intervals may be added for trading on as soon as possible basis.

260A03. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Russian ruble/U.S. dollar futures.

260A03.A. Exercise of Options

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant "CME currency fixing price" from GLOBEX-traded underlying futures contracts as follows:

Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 12:29:00 to 12:29:59 p.m. Moscow time on the day of determination of the CME currency fixing price.

Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval noted above, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-second interval.

Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

An option is in-the-money if the settlement price of the underlying futures contract at termination lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.

260A03.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following Business Day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the Trading Day of acceptance by the Clearing House of the exercise notice.

260A04. [RESERVED]

(End Chapter 260A)