

Chapter 271A

Options on Korean Won/U.S. Dollar (KRW/USD) Futures

271A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Korean won/U.S. dollar futures. In addition to this chapter, options on Korean won/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.

271A01. OPTIONS CHARACTERISTICS

271A01.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.

271A01.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 Korean won/U.S. dollar futures contract as specified in Chapter 271.

271A01.C. Price Increments

The price of an option shall be quoted in U.S. dollars per Korean won. Each \$.0000001 per Korean won (one point) shall represent \$12.50. For example, a quote of .0000063 represents an option price of \$787.50 (63 points x \$12.50 per point). The minimum fluctuation shall be one point (also known as one tick).

271A01.D. Underlying Futures Contract

1. Monthly Options

The underlying futures contract is the same as the option contract month (i.e., the January futures is the contract underlying the January option).

2. Weekly Options

For weekly Korean won/U.S. dollar options that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly Korean won/U.S. dollar options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month. For example, if Monday, June 19th is the expiration of the monthly option (whose underlying futures contract is the June futures), then for the options expiring Friday, June 2nd, June 9th and June 16th, the underlying futures contract is the June futures. In this same example, for the options expiring on the Fridays, June 23rd and June 30th, the underlying futures contract is the July futures.

271A01.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.

271A01.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.

271A01.G. [Reserved]

271A01.H. Termination of Trading

1. Monthly Options

Trading in monthly options on Korean won/U.S. dollar futures contracts shall terminate at the same date and time as the underlying futures contract.

2. Weekly Options

Trading in weekly options on the Korean won/U.S. dollar futures contract shall terminate at the close of trading (usually 2:00 p.m.) on those Fridays that are not also 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 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.

271A01.I. [Reserved]

271A01.J. Exercise Prices

Regular exercise prices shall be stated in terms of U.S. dollars per Korean won at intervals of \$0.000005, e.g., \$0.001055, \$0.001060, \$0.001065, etc.

271A02. LISTING OF EXERCISE PRICES

1. Monthly Options

At the commencement of trading in a contract month for monthly options on Korean won/U.S. dollar futures, the Exchange shall list put and call options at the 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 eight higher and next eight lower regular exercise prices for options on Korean won/U.S. dollar futures.

When a sale, bid, offer, or settlement price in the underlying futures occurs within half a regular exercise price interval of the eighth highest or eighth lowest existing regular exercise price for options on Korean won/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. Weekly Options

Upon demand, the Exchange shall list any exercise price for the weekly options that is eligible for listing for the nearest monthly option with the same underlying futures contract.

271A03. 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 Korean won/U.S. dollar futures.

271A03.A. Exercise of Option by Buyer

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. 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.

271A03.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.

271A04. [RESERVED]

(End Chapter 271A)