Chapter 352C
Options on Yen Denominated Nikkei Stock Average Futures

352C00. SCOPE OF CHAPTER
This chapter is limited in application to options on Yen Denominated Nikkei Stock Average ("Yen Nikkei") futures. In addition to this chapter, options on Yen Nikkei 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.

352C01. OPTIONS CHARACTERISTICS
352C01.A. Contract Months, Trading Hours, and Trading Halts
Options contracts shall be listed for such contract months and scheduled for trading during such hours, except as indicated below, as may be determined by the Exchange.

There shall be no trading in any option contract when the primary futures contract is limit bid or offered at any price limit except at the total daily price limit on an option’s last day of trading.

There shall be no trading in any option contract during a period when trading in the primary futures contract is halted pursuant to Rule 352B02.I.

352C01.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 Yen Denominated Nikkei Stock Average futures contract as specified in Chapter 352B.

352C01.C. Minimum Fluctuations
The price of an option shall be quoted in index points. Each index point shall represent ¥500. The minimum fluctuation shall be 1.00 index points (¥500, also known as one tick).

352C01.D. Underlying Futures Contract
1. Options in the March Quarterly Cycle
For options that expire in the March quarterly cycle (i.e., March, June, September, and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in March is the March futures contract.

2. Options Not in the March Quarterly Cycle
For options that expire in months other than those in the March quarterly cycle (i.e., January, February, April, May, July, August, October, and November), the underlying futures contract is the next futures contract in the March quarterly cycle that is nearest the expiration of the option. For example, the underlying futures contract for options that expire in January or February is the March futures contract.

352C01.E. Exercise Prices
1. Options in the March Quarterly Cycle
The exercise prices shall be stated in terms of the Yen Denominated Nikkei Stock Average futures contract.

At the commencement of trading, the Exchange shall list all exercise prices in a range of 40 percent of the referencing index above and below the previous day’s settlement price of the underlying futures contract that are integers divisible by 50 without remainder, e.g. 14,050, 14,100, 14,150, 14,200 etc.

Thereafter, when a daily settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list, on the next Trading Day, all eligible exercise prices in the corresponding ranges.

2. Options not in the March Quarterly Cycle
Exercise prices for options not in the March quarterly cycle listed for trading shall be identical to the exercise prices that are listed for the March quarterly options on the same underlying futures contract. For example, the exercise prices listed for the January contract shall be identical to those listed for the March contract.
The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

352C01.F. 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.

352C01.G. [Reserved]
352C01.H. [Reserved]
352C01.I. Termination of Trading
1. Options in the March Quarterly Cycle
For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.
2. Options Not in the March Quarterly Cycle
For options that expire in months other than those in the March quarterly cycle, options trading shall terminate on the second Friday of the contract month. If that day is not a scheduled Exchange Business Day, options trading shall terminate on the first preceding business day. In the event that the underlying futures market does not open on the scheduled Expiration Date, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

352C01.J. [Reserved]

352C02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on Yen Denominated Nikkei Stock Average futures.

352C02.A. Exercise of Option by Buyer

352C02.A.1 Options in the March Quarterly Cycle
An option may be exercised by the buyer on any Business Day that the option is traded. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 5:30 p.m. on the day of exercise.

An option in the March quarterly cycle that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 5:30 p.m. on the day of determination of the Final Settlement Price by the clearing member representing the option buyer, be exercised automatically.

Corrections to option exercises may be accepted by the Clearing House after the 5:30 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

358C02.A.2 European Style Options not in the March Quarterly Cycle
Following the termination of trading of an option, all in-the-money options shall be automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options shall be abandoned by the Clearing House on the day of expiration for the option. Whether an option is in or out of the money shall be determined based on the Fixing Price of the CME Yen Denominated Stock Average futures on the day of expiration as follows:

Tier 1 The Fixing Price shall be equal to the volume-weighted average price of the Nikkei 225 mini Futures trades executed on the Osaka Securities Exchange ("OSE") from 2:59:30 to 3:00:00 p.m. Osaka, Japan time.
Tier 2 If no transactions occur from 2:59:30 to 3:00:00 p.m., Osaka, Japan time, the Fixing Price shall be the average of the midpoints of each bid/ask spread in the OSE Nikkei 225 mini Futures contract during that thirty (30) second interval; however, bid/ask spread pairs wider than three (3) ticks (30 index points), shall not be included in the calculation to determine the Fixing Price.

Tier 3 If the Fixing Price cannot be determined pursuant to Tiers 1 and 2 above, designated Exchange staff shall calculate a Fixing Price based on the volume-weighted average price of the CME Yen Denominated Nikkei Stock Average Futures based on trades executed on the CME from 2:59:30 to 3:00:00 p.m. Osaka, Japan time.

Tier 4 If the Fixing Price cannot be determined pursuant to Tiers 1, 2 and 3 above, designated Exchange staff shall consider any other information deemed relevant to determine the Fixing Price. Alternatives upon which Exchange staff may determine the Fixing Price include, but are not limited to, the following: (1) deriving the Fixing Price based on the basis relationship to the underlying cash index level; or (2) deriving the Fixing Price by repeating Tier 1, Tier 2 or Tier 3 calculations at increasing thirty (30) second increment intervals until data is obtained.

The calculation of the Fixing Price shall be rounded to the nearest 0.01 index points.

In the event of an option expiring on a shortened Trading Day, the Fixing Price calculation shall be performed based on the market activities during the thirty-second period immediately preceding the close of the underlying stock market.

An option is deemed in the money if the Fixing Price of the underlying futures contract lies strictly above the exercise price in the case of a call, or lies strictly below the exercise price in the case of a put. For example, if the Fixing Price were 12,500.01 or higher, then 12,500 Calls shall be exercised. If the Fixing Price were 12,500.00 or lower, then 1250 Calls shall be abandoned. Similarly, if the Fixing Price were 12,499.99 or lower, then 12,500 Puts shall be exercised. If the Fixing Price were 12,500.00 or higher, then 12,500 Puts shall be abandoned.

European Style Options not in the March Quarterly Cycle may not be exercised prior to the expiration of the options. At the expiration, in-the-money options may not be abandoned and out-of-the-money options may not be exercised.

352C02.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 trading 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.

352C03. [RESERVED]

(End Chapter 352C)