

Chapter 405A

Options on CME Seasonal Strip Degree Days Index Futures

405A00. SCOPE OF CHAPTER

This chapter is limited in application to options on CME Seasonal Strip Degree Days Index futures. In addition to this chapter, options on CME Seasonal Strip Degree Days Index 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 herein shall refer to and indicate Chicago time.

405A01. OPTIONS CHARACTERISTICS

405A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

405A01.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 respective CME Seasonal Strip Degree Days Index futures contract as specified in Chapter 405. The table below lists the cities and their corresponding weather stations for which options on CME Seasonal Strip Degree Days Index Futures are available:

Listing Cities and Corresponding Automated Weather Stations

Atlanta Hartsfield International Airport (WBAN 13874)

Boston-Logan International Airport (WBAN 14739)

Burbank-Glendale-Pasadena Airport (WBAN 23152)

Chicago O'Hare International Airport (WBAN 94846)

Cincinnati Northern Kentucky (Covington) Airport (WBAN 93814)

Dallas-Fort Worth International Airport (WBAN 03927)

Houston-George Bush Intercontinental Airport (WBAN 12960)

Las Vegas McCarran International Airport (WBAN 23169)

Minneapolis-St. Paul International Airport (WBAN 14922)

New York La Guardia Airport (WBAN 14732)

Philadelphia International Airport (WBAN 13739)

Portland International Airport (WBAN 24229)

Sacramento Executive Airport (WBAN 23232)

405A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME Seasonal Strip Degree Days Index. Each index point represents \$20. For example, a quote of 2 index points represents \$40. The minimum fluctuation shall be 1.0 HDD or 1.0 CDD (also known as one tick), equal to \$20.

405A01.D. [Reserved]

405A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME Seasonal Strip Degree Days Index futures contract. Eligible exercise prices shall be at intervals of 1 CME Seasonal Strip Degree Days Index point (e.g., 4510, 4511, 4512, etc.).

At the commencement of options trading in a contract month, the eligible put and call options are dynamically listed at intervals of 1 index point in a range of 0 to 7500 index points for the CDD season and a range of 0 to 16,000 index points for the HDD season. 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.

405A01.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.

405A01.G. [Reserved]

405A01.H. [Reserved]

405A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

405A01.J. [Reserved]

405A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME Seasonal Degree Days options.

405A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer only on the termination of Trading Day. 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 that is in the money and has not been liquidated 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 expiration by the clearing member representing the option buyer, be exercised automatically.

405A02.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.

405A03. [RESERVED]

(End Chapter 405A)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 405A

LIMITATION OF LIABILITY AND DISCLAIMER

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