

Chapter 1006

Natural Gas Weekly Financial Option

1006100. SCOPE OF CHAPTER

This chapter is limited in application to weekly put and call options on the Henry Hub Natural Gas Futures contract. In addition to the rules of this chapter, transactions in Natural Gas Weekly Financial Option contract shall be subject to the general rules of the Exchange insofar as applicable.

1006101. OPTION CHARACTERISTICS

The number of weeks open for trading at a given time shall be determined by the Exchange.

1006101.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

1006101.B. Trading Unit

On expiration of a call option, the value will be the difference between the settlement price of the first nearby Henry Hub Natural Gas Futures contract and the strike price multiplied by 10,000 MMBtu, or zero, whichever is greater. If expiration occurs on the last day of trading for the first nearby Henry Hub Natural Gas Futures contract or on or after the corresponding monthly option expiration, the value will be the difference between the settlement price of the second nearby Henry Hub Natural Gas Futures and the strike price multiplied by 10,000 MMBtu, or zero, whichever is greater.

On expiration of a put option, the value will be the difference between the strike price and the settlement price of the first nearby Henry Hub Natural Gas Futures contract multiplied by 10,000 MMBtu, or zero, whichever is greater. If expiration occurs on the last day of trading for the first nearby Henry Hub Natural Gas Futures contract or on or after the corresponding monthly option expiration, the value will be the difference between the strike price and the settlement price of the second nearby Henry Hub Natural Gas Futures, multiplied by 10,000 MMBtu, or zero, whichever is greater.

1006101.C. Price Increments

Prices shall be quoted in dollars and hundredths of cents per MMBtu for trades submitted for clearing through CME ClearPort. For trades executed through the CME Group Globex platform, the prices shall be dollars and tenths of cents per MMBtu.

1006101.D. 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.

1006101.E. Termination of Trading

Options will expire at the close of trading on a Friday schedule.

For the first (1st) weekly option of the month, if the first Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

For the second (2nd) weekly option of the month, if the second Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

For the third (3rd) weekly option of the listing, if the third Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

For the fourth (4th) weekly option of the listing, if the fourth Friday of the listing is a scheduled Exchange holiday, the option shall terminate on the first Business Day immediately preceding the Friday.

1006101. F. Type Option

The option is a European-style option which can only be exercised on expiration day.

1006101.G. Special Price Fluctuation Limits

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

1006102.

EXERCISE PRICES

Transactions shall be conducted for option contracts as set forth in Rule 300.20.