Chapter 1116
Coal (API 2) cif ARA (Argus/McCloskey) Future-Style Margined Option on Calendar Futures Strip

1116100. **SCOPE OF CHAPTER**
This chapter is limited in application to put and call Coal (API 2) cif ARA (Argus/McCloskey) Future-Style Margined Options on Calendar Futures Strip on the Coal (API 2) cif ARA (Argus/McCloskey) Futures contract. In addition to the rules of this chapter, transactions in the Coal (API 2) cif ARA (Argus/McCloskey) Future-Style Margined Option on Calendar Futures Strip shall be subject to the general rules of the Exchange insofar as applicable.

1116101. **OPTION CHARACTERISTICS**
The number of months open for trading at a given time shall be determined by the Exchange.

1116101.A. **Trading Schedule**
The hours of trading for this contract shall be determined by the Exchange.

1116101.B. **Trading Unit**
The Coal (API 2) cif ARA (Argus/McCloskey) Future-Style Margined Option on Calendar Futures Strip is an option on the Coal (API 2) cif ARA (Argus/McCloskey) Futures contract. On expiration of a call option, the long position will be assigned twelve consecutive long futures months beginning with the underlying month of the Coal (API 2) cif ARA (Argus/McCloskey) Futures contract at the strike price. On exercise of a put option, the long position will be assigned twelve consecutive short futures months beginning with the underlying month of the Coal (API 2) cif ARA (Argus/McCloskey) Futures contract at the strike price.

1116101.C. **Price Increments**
Prices and strike prices shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be $0.01 per metric ton ($120.00 per contract). Trading in the option contract shall not be subject to price fluctuation limitations.

1116101.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.

1116101.E. **Termination of Trading**
The Expiration Day shall be 30 calendar days prior to the first calendar day of the first calendar month in the strip of deliverable futures. If such day is not a London business day, the Expiration Day shall be the first preceding London business day. Trading shall cease at 12:30 p.m. London time on the Expiration Day.

1116101.F. **Type Option**
Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 2:30 p.m. London time on the Expiration Day. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract.

1116101.G. **Settlement Variation and Option Value**
This contract is a future-style margin option. Settlement variation rules for futures-style margin options conform to those set forth for non-options stipulated in NYMEX Rule 814. As such, when a clearing member or its customers is long or short any amount of any commodity for a settlement cycle, as indicated by Clearing House records, settlement for any outstanding exposure shall be made with the Clearing House based on the settlement price for that settlement cycle. For futures-style margin options, each clearing member and its customers shall pay to, or collect from, the Clearing House any loss or profit, as the case may be, represented by the difference between (x) the settlement price of the futures-style margin option for such settlement cycle and (y) the settlement price of the futures-style margin option
for the prior settlement cycle (or, for the first settlement cycle after the purchase/sale of such option, the price at which the option was purchased or sold).

1116102. **EXERCISE PRICES**
Transactions shall be conducted for option contracts as set forth in Rule 300.20.

1116103. **DISCLAIMER**
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