Chapter 1164
UK NBP Natural Gas Futures-Style Margined Calendar Month Option

1164100. SCOPE OF CHAPTER
This chapter is limited in application to put and call UK NBP Natural Gas Futures-Style Margined Calendar Month Options on the UK NBP Natural Gas Calendar Month Futures (UKG) contract. In addition to the rules of this chapter, transactions in UK NBP Natural Gas Futures-Style Margined Calendar Month Options shall be subject to the general rules of the Exchange.

1164101. OPTION CHARACTERISTICS
The number of months open for trading at a given time shall be determined by the Exchange.

1164101.A. Trading Schedule
The hours of trading shall be determined by the Exchange.

1164101.B. Trading Unit
The UK NBP Natural Gas Futures-Style Margined Calendar Month Option is an option on the UK NBP Natural Gas Calendar Month Futures contract. On exercise of a call option, the long position will be assigned a long position in the UK NBP Natural Gas Calendar Month Futures contract with the same contract month at the strike price. On exercise of a put option, the long position will be assigned a short position in the UK NBP Natural Gas Calendar Month Futures with the same contract month contract at the strike price.

1164101.C. Price Increments
Prices shall be quoted in British pence (GBp) per therm. The minimum price fluctuation shall be GBp 0.005 per therm.

1164101.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.

1164101.E. Termination of Trading
Trading terminates on the fifth calendar day immediately preceding the first calendar day of the Contract Month, unless such day is not both a NYMEX business day and a London business day, in which case trading terminates on the first preceding NYMEX business day that is a London business day. However, if that day is also the last trading day of the underlying Futures contract, trading shall terminate on the first preceding NYMEX business day that is a London business day.

On the last trading day, trading terminates at 13:00 hours London prevailing time. 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. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 14:00 London prevailing time on that day.

Notwithstanding the above, the Exchange may determine an alternative termination of trading time on the last trading day for specific expiries on NYMEX Business Days immediately prior to or concurrent with local or U.S. holidays.

1164101.F. Type of Option
The option is a European-style option which can only be exercised into the underlying futures on Expiration Day.

1164101.G. Settlement Variation and Option Value
The option is a European-style option which can only be exercised into the underlying futures on Expiration Day. 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).

1164102. **EXERCISE PRICES**
Transactions shall be conducted for option contracts as set forth in Rule 300.20.