Chapter 1178
PJM Western Hub Real-Time Peak 5 MW Option on Calendar Futures Strip

1178100. SCOPE OF CHAPTER
This chapter is limited in application to put and call options on PJM Western Hub Peak Calendar-Month Real-Time LMP Futures (L1) contract. In addition to the rules of this chapter, transactions in options on the PJM Western Hub Peak Calendar-Month Real-Time LMP Futures (L1) contract shall be subject to the general rules of the Exchange insofar as applicable.

1178101. OPTION CHARACTERISTICS
The number of months open for trading at a given time shall be determined by the Exchange.

1178101.A. Trading Schedule
The hours of trading for this contract shall be determined by the Exchange.

1178101.B. Trading Unit
A call option traded on the Exchange represents an option to assume one (1) long position per peak day in the entire calendar strip of the underlying PJM Western Hub Peak Calendar-Month Real-Time LMP Futures (L1) contract at the strike price. A put option traded on the Exchange represents an option to assume one (1) short position per peak day in the entire calendar strip of the underlying PJM Western Hub Peak Calendar-Month Real-Time LMP Futures (L1) contract at the strike price.

1178101.C. Price Increments
Prices shall be quoted in dollars and cents per megawatt hour (MWh). The minimum price increment shall be $0.01 per MWh. A cabinet trade may occur at the price of $.0025 per MWh or $1.00. The option contract shall not be subject to price fluctuation limitations.

1178101.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.

1178101.E. Termination of Trading
The option contract shall expire on the second to last Friday of the month prior to the first underlying PJM Western Hub Peak Calendar-Month Real-Time LMP Futures (L1) contract. If the second to last Friday is an Exchange holiday, expiration will occur on the business day immediately preceding that day.

1178101.F. Type Option
The option is a European-style option which can only be exercised into the underlying futures on the expiration day.

1178102. EXERCISE PRICES
Transactions shall be conducted for option contracts as set forth in Rule 300.20.

1178103. DISCLAIMER
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