Chapter 350
NY Harbor ULSD Crack Spread Option

350100. SCOPE OF CHAPTER
This chapter is limited in application to put and call options on the NY Harbor ULSD futures contract and Light Sweet Crude Oil futures contract. In addition to the rules of this chapter, transactions in the NY Harbor ULSD Crack Spread Option contract shall be subject to the general rules of the Exchange insofar as applicable.

350101. OPTION CHARACTERISTICS
The number of months open for trading at a given time shall be determined by the Exchange.

350101.A. Trading Schedule
The hours of trading for this contract shall be determined by the Exchange.

350101.B. Trading Unit
A NY Harbor ULSD Crack Spread put option contract traded on the Exchange represents an option to assume a short position in the underlying NY Harbor ULSD futures contract and a long position in the underlying Light Sweet Crude Oil futures contract traded on the Exchange. A NY Harbor ULSD Crack Spread call option represents an option to assume a long position in the underlying NY Harbor ULSD futures contract and a short position in the underlying Light Sweet Crude Oil futures contract traded on the Exchange.

350101.C. Price Increments
Prices shall be quoted in dollars and cents per barrel and prices shall be in multiples of $0.01 per barrel; provided, however, that those out-of-the-money call (put) options which either trade at or are bid (offered) at a price of 5 cents per barrel ($0.05 per barrel) or less, on a particular business day may be quoted in multiples of one-half cent per barrel ($0.005 per barrel) on that business day. A cabinet trade may occur at a price of $0.001 per barrel, or $1.00 per contract.

The prices assigned to the underlying futures contracts upon exercise of the option shall be determined by adding the option strike price to the Light Sweet Crude Oil futures settlement price on the day of exercise and dividing by 42, and
(a) if the resulting quotient is equal to .XX00 or .XX50, the Light Sweet Crude Oil futures contract will be priced at the Light Sweet Crude Oil futures contract settlement price and the NY Harbor ULSD futures contract will be priced at the Light Sweet Crude Oil futures contract settlement price plus the option strike price divided by 42; or
(b) if the resulting quotient is greater than .XX00 but less than .XX50, the NY Harbor ULSD futures contract will be priced at the quotient rounded up to .XX50 and the Light Sweet Crude Oil futures contract will be priced at the NY Harbor ULSD futures contract price derived above multiplied by 42, less the option strike price; or
(c) if the resulting quotient is greater than .XX50, but less than or equal to .XX99, the NY Harbor ULSD futures contract will be priced at the quotient rounded up to .XX00 and the Light Sweet Crude Oil futures contract will be priced at the NY Harbor ULSD futures contract price derived above multiplied by 42, less the option strike price.

350101.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 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.

350101.E. Termination of Trading
A NY Harbor Crack Spread Option shall expire at the close of trading on the business day immediately preceding the expiration of the underlying Light Sweet Crude Oil futures contract. The expiration date shall be announced prior to the listing of the option contract.

350101.F. Type of Option
The option is an American-style option which can be exercised on any business day prior to and until expiration day.

350102. **EXERCISE PRICES AND CHARACTERISTICS**
Transactions shall be conducted for option contracts as set forth in Rule 300.20.

350103. **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.