

Chapter 399

Henry Hub Natural Gas Financial Calendar Spread Option

399100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

399101. OPTION CHARACTERISTICS

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

399101.A. Trading Schedule

The hours of trading shall be determined by the Exchange.

399101.B. Trading Unit

The Henry Hub Natural Gas Financial Calendar Spread Option (the "Option") is a European-style Option contract which cannot be exercised prior to expiration. A Put Option contract traded on the Exchange will represent the cash difference between the strike price and the settlement price of the first expiring Henry Hub Natural Gas Futures (NG) contract in the spread less the settlement price of the second expiring Henry Hub Natural Gas Futures (NG) contract in the spread traded on the Exchange multiplied by 10,000, or zero, whichever is greater. A call option represents the cash difference of the settlement price of the first expiring Henry Hub Natural Gas Futures (NG) contract in the spread less the settlement price of the second expiring Henry Hub Natural Gas Futures (NG) contract in the spread traded on the Exchange less the strike price multiplied by 10,000, or zero, whichever is greater.

399101.C. Price Increments

Prices shall be quoted in dollars and cents per MMBtu and prices shall be in multiples of \$0.001 (0.1 cent) per MMBtu. However, a cabinet trade may occur at a price of \$0.0001 per MMBtu, or \$1.00 a contract.

399101.D. 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 Table in the Interpretations & Special Notices Section of Chapter 5.

399101.E. 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.

399101.F. Termination of Trading

The Option shall expire at the close of trading one business day immediately preceding the expiration of the first expiring Henry Hub Natural Gas Futures (NG) contract in the spread.

399101.G. Type of Option

The option is a European-style option cash settled on expiration day.

399102. EXERCISE PRICES

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