

Chapter 832

Daily Natural Gas Option

832100. SCOPE OF CHAPTER

This chapter is limited in application to put and call Daily Natural Gas Option on the Henry Hub Natural Gas Futures contract. In addition to the rules of this chapter, transactions in Daily Natural Gas Option shall be subject to the general rules of the Exchange.

832101. OPTION CHARACTERISTICS

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

832101.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

832101.B. Trading Unit

A Daily Natural Gas put option contract traded on the Exchange represents the cash difference between the exercise price and the settlement price of the first nearby settlement price of Henry Hub Natural Gas Futures multiplied by 10,000, or zero, whichever is greater. In the event that the option is expiring on the last trading day of the first nearby Henry Hub Natural Gas Futures contract, the second nearby underlying futures will be used for settlement. A Daily Natural Gas call option contract traded on the Exchange represents the cash difference between the settlement price of the first nearby settlement price of Henry Hub Natural Gas Futures contract and the exercise price multiplied by 10,000, or zero, whichever is greater. In the event that the option is expiring on the last trading day of the first nearby Henry Hub Natural Gas Futures contract, the second nearby underlying Henry Hub Futures will be used for settlement.

832101.C. Price Increments

Prices shall be quoted in dollars and cents per million British thermal units (MMBtu) and prices shall be in multiples of 0.0001 per MMBtu.

832101.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 and Daily Price Limits Table in the Interpretations & Special Notices Section of Chapter 5.

832101.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.

832101.F. Termination of Trading

A Daily Natural Gas Option contract on the Exchange shall expire at the close of trading on the business day that it was initially listed on.

832101.F. Type of Option

The option is a European-style option which can only be exercised on expiration day.

832102. EXERCISE PRICES

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