

Chapter 864

LNG Japan/Korea Marker (Platts) Futures-Style Margined Average Price Option

864100. 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.

864101. CONTRACT SPECIFICATIONS

The 'Settlement Period' for a specified contract month shall be the one month period that starts on, and includes, the 16th calendar day of the month that is two months prior to the contract month, and ends on, and includes the 15th calendar day of the month prior to the contract month.

The Floating Price shall be determined following the publication of the DES Japan/Korea daily LNG marker (JKM) by Platts on the last publication day in the Settlement Period. If such day is not an Exchange business day, the Floating Price shall be determined on the following Exchange business day.

The Floating Price for each contract month is equal to the arithmetic average of the DES Japan/Korea Marker (JKM) published in respect of the contract month by Platts in LNG Daily for each day that it is published during the Settlement Period.

864102. OPTION CHARACTERISTICS

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

864102.A. Trading Schedule

The hours of trading shall be determined by the Exchange.

864102.B. Trading Unit

A LNG Japan/Korea Marker (Platts) Futures-Style Margined Average Price Call Option traded on the Exchange represents the differential between the Floating Price and the strike price, multiplied by 10,000 MMBtu (million British thermal units), or zero, whichever is greater. A LNG Japan/Korean Marker (Platts) Futures- Style Margined Average Price Put Option traded on the Exchange represents the differential between the strike price and the Floating Price, multiplied by 10,000 MMBtu, or zero, whichever is greater.

864102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per MMBtu. The minimum price fluctuation shall be \$0.005 per MMBtu. The minimum price fluctuation for the final settlement (Floating Price) shall be \$0.001 per MMBtu.

864102.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.

864102.E. Termination of Trading

Trading terminates on the last weekday (i.e. Monday to Friday inclusive) in the Settlement Period. If such day is not an Exchange business day, the trade submission shall cease on the preceding Exchange business day.

864102.F. Type of Option

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

864102.G. Settlement Variation and Option Value

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).

864103. EXERCISE PRICES

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

864104. DISCLAIMER

See [NYMEX/COMEX Chapter iv. \("DISCLAIMERS"\)](#) incorporated herein by reference.

