Chapter 947
Freight Route TC2 (Baltic) Average Price Option

947100. **SCOPE OF CHAPTER**
This chapter is limited in application to put and call options on the Freight Route TC2 (Baltic) Futures contract. In addition to the rules of this chapter, transactions in options on Freight Route TC2 (Baltic) Futures contract shall be subject to the general rules of the Exchange insofar as applicable.

947101. **CONTRACT SPECIFICATIONS**
The Freight Route TC2 (Baltic) Average Price Option is an option on the rates for the freight route TC2 published by the Baltic Exchange. The contract size is 1,000 metric tons.

The underlying reference price shall be equal to the arithmetic average of the freight route published each day during the Settlement Period by the Baltic Exchange for the freight route TC2 (i.e. Continent Europe to USAC for cargoes of 37,000 metric tons, or as subsequently amended) valued in Worldscale points multiplied by the applicable Worldscale flat rate for the TC2 route (as defined by the Baltic Exchange).

The underlying reference price is determined by multiplying each daily freight rate by the applicable Worldscale flat (for that day), and subsequently calculating the average for the Settlement Period.

947102. **OPTION CHARACTERISTICS**
The number of months open for trading at a given time shall be determined by the Exchange.

947102.A. **Trading Schedule**
The hours of trading for this contract shall be determined by the Exchange.

947102.B. **Trading Unit**
On expiry or exercise, the Freight Route TC2 (Baltic) Average Price Put option shall be cash settled to the greater value of zero and the strike price minus the underlying reference price, multiplied by 1,000. On expiry or exercise, the Freight Route TC2 (Baltic) Average Price Call option shall be cash settled to the greater value of zero and the underlying reference price minus the strike price, multiplied by 1,000.

947102.C. **Price Increments**
Prices, strike prices and the underlying reference price shall be quoted in U.S. dollars and cents per metric ton. The minimum price fluctuation shall be $0.0001 per metric ton ($0.10 per contract). The minimum fluctuation for the underlying reference price shall be $0.0001 per metric ton ($0.10 per contract).

947102.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.

947102.E. **Settlement Period**
For contract months referenced to a calendar month January to November inclusive, the Settlement Period shall be the full calendar month. For contract months referenced to the December calendar month, the Settlement Period shall be the period from and including the 1st calendar day of the month through to and including the 24th calendar day of the month.

947102.F. **Termination of Trading**
For contract months January to November inclusive: Trading terminates on the last business day of the calendar month.

For December contract months: Trading terminates on the 24th calendar day of the month, or if this is not a business day, the first preceding business day.
947102.G. Type of Option
The option is cash settled European-style, which is exercised at expiration only. At expiry, automatic exercise occurs for those options that are one or more ticks in the money. Options that are at the money at expiration lapse.

947103. EXERCISE PRICES
Transactions shall be conducted for option contracts as set forth in Rule 300.20.

947104. DISCLAIMER
See NYMEX/COMEX Chapter iv. ("DISCLAIMERS") incorporated herein by reference