

## Chapter 948

### Freight Route Middle East to Japan (TC5) (Platts) Average Price Option

#### 948100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on the Freight Route TC5 (Platts) Futures contract. In addition to the rules of this chapter, transactions in options on Freight Route TC5 (Platts) Futures contract shall be subject to the general rules of the Exchange insofar as applicable.

#### 948101. CONTRACT SPECIFICATIONS

The Freight Route Middle East to Japan (TC5) (Platts)\_Average Price\_Option is an option on the rates for the freight route TC5 published by Platts. The contract size is 1,000 metric tons. The underlying reference price shall be each to the arithmetic average of the freight rate published each day during the Settlement Period by Platts in the Clean Tankerwire report for Arab Gulf to Japan for cargoes of 55,000 metric tons, valued in Worldscale points multiplied by the applicable Worldscale flat rate for the TC5 route (as defined by, and or subsequently amended by The Baltic Exchange).

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

#### 948102. OPTION CHARACTERISTICS

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

##### 948102.A. Trading Schedule

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

##### 948102.B. Trading Unit

On expiry or exercise, the Freight Route Middle East to Japan (TC5) (Platts) 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 Middle East to Japan (TC5) (Platts) 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.

##### 948102.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).

##### 948102.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.

##### 948102.E. Settlement Period

The Settlement Period shall be the full calendar month for all contract months.

##### 948102.F. Termination of Trading

Trading shall cease on the last business day of the contract month.

##### 948102.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.

**948103. EXERCISE PRICES**

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

**948104. DISCLAIMER**

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