



Special Executive Report

DATE: November 7, 2014

SER#: 6973

SUBJECT: Amendments to Three (3) Electricity Options

Effective Sunday, November 23, 2014, for the trade date Monday, November 24, 2014, and pending all relevant CFTC regulatory review periods, the New York Mercantile Exchange, Inc. (NYMEX or Exchange) will amend the name, size, underlying futures contract, and variable quantity unit for the ISO New England Mass Hub Peak LMP Option on Calendar Futures Strip (Code NEL, Chapter 407). NYMEX will also amend the underlying futures contract and variable quantity unit for the PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip (Code PJP, Chapter 1183) and PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip (Code PJH, Chapter 1184). There is no open interest in these contracts.

The minimum block level for the ISO New England Mass Hub Peak LMP Option on Calendar Futures Strip is decreasing from the current level of 9 contracts to 4 contracts.

Both contracts are listed for trading on CME Globex and the floor as well as for submission for clearing through CME ClearPort. The trading hours for open outcry are Monday – Friday 9:00 a.m. – 2:30 p.m. (8:00 a.m. – 1:30 p.m. Chicago Time/CT). The hours for CME Globex and CME ClearPort are Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT).

The amendments to the contract rules and the new fees are provided below. In addition to these changes, the Exchange is amending the fees for the PJM Western Hub Real-Time Off-Peak Calendar-Month 50 MW Option on Calendar Futures Strip (Code 600, Chapter 758), which are provided below.

(underline indicates addition; strikethrough indicates deletion)

Chapter 407

ISO New England Mass Hub Peak LMP 5 MW Option on Calendar Futures Strip

407.01 EXPIRATION

The contract shall expire on the second to last Friday of the month prior to the first underlying ISO New England Mass Hub Day-Ahead Peak Calendar-Month 2.5 MW Futures (NI)-ISO New England Mass Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures (U6) contract. If the second to last Friday is an Exchange holiday, expiration will occur on the business day immediately preceding that day.

407.03 TRADING UNIT

~~On expiration of a call option, the long position will be assigned twelve consecutive months beginning with the underlying January month of long ISO New England Mass Hub Day-Ahead Peak Calendar-Month 2.5 MW Futures (NI) contracts at the strike price. On exercise of a put option, the long position will be assigned twelve consecutive months beginning with the underlying January month of short ISO New England Mass Hub Day-Ahead Peak Calendar-Month 2.5 MW Futures (NI) contract at the strike price.~~

A call option traded on the Exchange represents an option to assume, at the strike price, one (1) long contract per peak day of the underlying ISO New England Mass Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures (U6) contract in each month of the twelve consecutive months beginning with the underlying January month. A put option traded on the Exchange represents an option to assume, at the strike price, one (1) short contract per peak day of the underlying ISO New England Mass Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures (U6) contract in each month of the twelve consecutive months beginning with the underlying January month.

407.04 STRIKE PRICES

Trading shall be conducted for options with strike prices in increments as set forth below.

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's average settlement price for the underlying underlying [ISO New England Mass Hub Day-Ahead Peak Calendar-Month 2.5 MW Futures \(NI\)](#) [ISO New England Mass Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures \(U6\)](#) strip rounded off to the nearest fifty cent increment, unless such settlement price is precisely midway between two fifty cent increments in which case it shall be rounded off to the lower fifty cent increment; (ii) the five strike prices which are five fifty cent increments higher than the strike price described in section (i) of this Rule 407.04(A); and (iii) the five strike prices which are five fifty cent increments lower than the strike price described in section (i) of this Rule 407.04(A)

(B) Thereafter, on any business day prior to the expiration of the option, new strike prices for both puts and calls will be added, such that at all times there will be at least five fifty cent increment strike prices above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (A) of this Rule 407.04.

(C) Notwithstanding the provisions of subsections (A) and (B) of this Rule, if the Exchange determines that trading in the contract will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a the contract in which no new strike prices may be introduced.

Chapter 1183

PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip

1183100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on [PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures](#) [PJM AEP Dayton Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(Z9\)](#) contracts. In addition to the rules of this chapter, transactions in options on [PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures](#) [PJM AEP Dayton Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(Z9\)](#) contracts shall be subject to the general rules of the Exchange insofar as applicable.

1183101.B. Trading Unit

A call option traded on the Exchange represents an option to assume, at the strike price, ~~twenty (20)~~ **ten (10)** long contracts ~~per peak day~~ of the underlying [PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures](#) [PJM AEP Dayton Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(Z9\)](#) contract in each month of the twelve consecutive months beginning with the underlying January month. A put option traded on the Exchange represents an option to assume, at the strike price, ~~twenty (20)~~ **ten (10)** short contracts ~~per peak day~~ of the underlying [PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures](#) [PJM AEP Dayton Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(Z9\)](#) contract in each month of the twelve consecutive months beginning with the underlying January month.

1183101.D. Position Limits and Position Accountability

~~For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures. Each position in the option contract shall be deemed equivalent to 240 (20 for each month in the contract year) of the quantity of the PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures base contract into which each option contract aggregates. In accordance with Rule 559, no person shall own or control positions in excess of 150 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures equivalent) contracts net long or net short in the spot month. In accordance with Rule 560:~~

- ~~1. the all months accountability level shall be 750 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures equivalent) contracts net long or net short in all months combined;~~
- ~~2. the any one month accountability level shall be 1,000 (PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures equivalent) contracts net long or net short in any single contract month excluding the spot month.~~

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.~~

[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.](#)

1183101.E. Termination of Trading

The option contract shall expire at the close of trading on the second to last Friday of the month prior to the delivery month of the first underlying month of the ~~PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures~~ [PJM AEP Dayton Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(Z9\) contract](#) in the strip.

1183102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's average settlement price for the strip of the underlying ~~PJM AEP Dayton Hub Peak Calendar-Month LMP Swap futures~~ [PJM AEP Dayton Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(Z9\) contracts](#) rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the strike price which is fifty-cent higher than the strike price described in subsection (A)(i) of this rule and (iii) the strike price which is fifty-cent lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least one fifty-cent increment strike price above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an option contract in which no new strike prices may be introduced.

Chapter 1184

PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip

1184100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on [PJM Northern Illinois Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(B3\)](#) ~~PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures~~ contracts. In addition to the rules of this chapter, transactions in options on [PJM Northern Illinois Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(B3\)](#) ~~PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures~~ shall be subject to the general rules of the Exchange insofar as applicable.

1184101.B. Trading Unit

A call option traded on the Exchange represents an option to assume, at the strike price, ~~ten (10)~~ [twenty \(20\)](#) long contracts [per peak day](#) of the underlying [PJM Northern Illinois Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(B3\)](#) ~~PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures~~ in each month of the twelve consecutive months beginning with the underlying January month. A put option traded on the Exchange represents an option to assume, at the strike price, ~~ten (10)~~ [twenty \(20\)](#) short contracts [per peak day](#) of the underlying [PJM Northern Illinois Hub 5 MW Peak Calendar-Month Real-Time LMP Futures \(B3\)](#) ~~PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures~~ in each month of the twelve consecutive months beginning with the underlying January month.

1184101.D. Position Limits and Position Accountability

~~For purposes of calculating compliance with position limits, each contract will be aggregated with positions held in PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures. Each position in the option contract shall be deemed equivalent to 240 (20 for each month in the contract year) of the quantity of the PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures base contract into which each option contract aggregates. In accordance with Rule 559, no person shall own or control positions in excess of 750 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures equivalent) contracts net long or net short in the spot month.~~

In accordance with Rule 560:

1. the all-months accountability level shall be 4,000 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures equivalent) contracts net long or net short in all months combined;
 2. the any-one month accountability level shall be 5,000 (PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures equivalent) contracts net long or net short in any single contract month excluding the spot month.
- Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

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.

1184101.E. Termination of Trading

The option contract shall expire at the close of trading on the second to last Friday of the month prior to the delivery month of the first underlying month of the PJM Northern Illinois Hub 5 MW Peak Calendar-Month Real-Time LMP Futures (B3)~~PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures~~ in the strip.

1184102. EXERCISE PRICES

(A) On the first business day of trading in an option contract month, trading shall be at the following strike prices: (i) the previous day's average settlement price for the strip of the underlying PJM Northern Illinois Hub 5 MW Peak Calendar-Month Real-Time LMP Futures (B3)~~PJM Northern Illinois Hub Peak Calendar-Month LMP Swap futures~~ contracts rounded off to the nearest fifty-cent increment strike price unless such settlement price is precisely midway between two fifty-cent increment strike prices in which case it shall be rounded off to the lower fifty-cent increment strike price and (ii) the strike price which is fifty-cent higher than the strike price described in subsection (A)(i) of this rule and (iii) the strike price which is fifty-cent lower than the strike price described in subsection (A)(i) of this rule.

(B) Thereafter, on any business day prior to the expiration of the option, (i) new consecutive strike prices for both puts and calls will be added such that at all times there will be at least one fifty-cent increment strike price above and below the at-the-money strike price available for trading in all options contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in subsection (A)(i) of this rule.

(C) Notwithstanding the provisions of subsections (A) and (B) of this rule, if the Exchange determines that trading in the option will be facilitated thereby, the Exchange may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of an option contract in which no new strike prices may be introduced.

Exchange Fees for NEL				
	Member	Cross Division	Non-Member	IIP
Pit	\$48.00 \$84.00	\$48.00 \$90.00	\$48.00 \$96.00	
Globex	\$48.00 \$84.00	\$48.00 \$90.00	\$48.00 \$96.00	\$48.00 \$90.00
ClearPort	\$48.00 \$84.00		\$48.00 \$96.00	
Agency Cross	\$84.00		\$96.00	

Other Processing Fees		
	House Acct	Customer Acct
Options E/A Notice	\$0.40	\$0.85

Additional Fees and Surcharges	
Facilitation Desk Fee	\$0.60 \$1.00

Exchange Fees for PJP and PJH				
	Member	Cross Division	Non-Member	IIP
Pit	\$480.00 \$420.00	\$480.00 \$450.00	\$480.00	
Globex	\$480.00 \$420.00	\$480.00 \$450.00	\$480.00	\$480.00 \$450.00
ClearPort	\$480.00 \$420.00		\$480.00	
Agency Cross	\$420.00		\$480.00	

Other Processing Fees		
	House Acct	Customer Acct
Options E/A Notice	\$0.40	\$0.85

Additional Fees and Surcharges	
Facilitation Desk Fee	\$1.00

Fees for New Underliers (B3, U6, Z9)		
	Member	Non-Member
Futures from E/A	\$0.105	\$0.12

Exchange Fees for 600				
	Member	Cross Division	Non-Member	IIP
Pit	\$507.50	\$543.75	\$580.00	
Globex	\$507.50	\$543.75	\$580.00	\$543.75 \$558.25
ClearPort	\$507.50		\$580.00	
Agency Cross	\$507.50		\$580.00	

Other Processing Fees		
	House Acct	Customer Acct
Options E/A Notice	\$152.25 \$0.40	\$174.00 \$0.85

Additional Fees and Surcharges	
Facilitation Desk Fee	\$29.00 \$1.00

Please refer questions on this subject to:

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