



Special Executive Report

DATE: January 28, 2019

SER#: 8295RR

SUBJECT: Update - Increase of the Minimum Price Fluctuation of Two (2) Natural Gas Option Contracts for Trading on the CME Globex Electronic Trading Platform

(This SER supersedes SER 8295R dated January 10, 2019 to advise of amended effective of trade date Monday, February 25, 2019.)

Effective Sunday, February 24, 2019 for trade date Monday, February 25, 2019, and pending all relevant CFTC regulatory review periods, New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") will amend Rule 375.06 ("Prices in Henry Hub Natural Gas Last Day financial Option") of the Henry Hub Natural Gas Last Day Financial Option contract and Rule 1066.06 ("Prices") of the Short-Term Natural Gas Option contract (the "Contracts") (collectively, the "Rule Amendments") as noted in the table below.

The Exchange will increase the minimum price fluctuation for the Contracts for trading on the CME Globex electronic trading platform as more specifically described in the table below. The minimum price fluctuation for the Contracts for submission of clearing via CME ClearPort shall remain unchanged.

Contract Title	CME ClearPort Code	CME Globex Code	Rulebook Chapter	Current Minimum Price Fluctuation on CME Globex	Increased Minimum Price Fluctuation on CME Globex
Henry Hub Natural Gas Last Day Financial Option	E7	AE7	375	\$0.0001	\$0.0010
Short-Term Natural Gas Option	U01 – U31	U01 – U31	1066	\$0.0001	\$0.001

In addition, the Exchange is making non-substantive, administrative amendments to the rulebook chapters of the Contracts to align with current language and format.

Please refer questions on this subject to:

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NYMEX Rulebook

(additions underscored; deletions struck through)

Chapter ~~375~~

Henry Hub Natural Gas Last Day Financial Option

~~375.01 EXPIRATION OF HENRY HUB NATURAL GAS LAST DAY FINANCIAL OPTION~~

~~The Henry Hub Natural Gas Last Day Financial Option shall expire on the same day as the underlying NYMEX Natural Gas Futures Contract.~~

~~375.02 TRADING UNIT FOR HENRY HUB NATURAL GAS LAST DAY FINANCIAL OPTION~~

~~The Henry Hub Natural Gas Last Day Financial Option is a European Style Option contract which cannot be exercised prior to expiration. The Henry Hub Financial Last Day Put Option contract traded on the Exchange will represent the cash difference between the strike price and the settlement price of the underlying Natural Gas Futures contract traded on the Exchange multiplied by \$10,000, or zero, whichever is greater. The Henry Hub Financial Last Day Call Option contract traded on the Exchange will represent the cash difference of the settlement price of the underlying Natural Gas Futures contract traded on the Exchange less the strike price multiplied by \$10,000, or zero, whichever is greater.~~

~~375.03 TRADING MONTHS FOR HENRY HUB NATURAL GAS LAST DAY FINANCIAL OPTION~~

~~Trading in Henry Hub Natural Gas Last Day Financial Option shall be conducted in the months determined by the Exchange. Trading shall commence on the day fixed by Exchange resolution.~~

~~375.04 HOURS OF TRADING IN HENRY HUB NATURAL GAS LAST DAY FINANCIAL OPTION~~

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

~~375.05 STRIKE PRICES FOR HENRY HUB NATURAL GAS LAST DAY FINANCIAL OPTION~~

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

~~375.06 PRICES IN HENRY HUB NATURAL GAS LAST DAY FINANCIAL OPTION~~

~~Prices shall be quoted in dollars and hundredths of cents per MMBtu. The minimum price fluctuation will be \$.0001. However, a cabinet trade may occur at the price of \$.0001 per MMBtu or \$1.~~

~~375.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR HENRY HUB NATURAL GAS LAST DAY FINANCIAL OPTION~~

~~Trading in Henry Hub Natural Gas Last Day Financial Option shall not be subject to price fluctuation limitations.~~

375.08 — TEMPORARY TRADING HALT

When a Triggering Event (as defined in Chapter 220) in Henry Hub Natural Gas futures occurs, trading in this option shall be subject to a coordinated Temporary Trading Halt (as defined in Chapter 220).

Chapter 1066

Short Term Natural Gas Option

1066.01 — EXPIRATION

Expiration shall be in accordance with the following schedule. On the initial listing date, the Short Term Natural Gas option will be listed with expiration four business days from the listing date. Thereafter, an additional contract will be listed for expiration four days after that business day. In the event that the expiration day of the Short Term Natural Gas option coincides with the expiration of the associated Natural Gas option, the Short Term Natural Gas option will not be listed. No Short Term Natural Gas option shall be listed if its expiration coincides with an Exchange holiday.

1066.02 — OPTION TYPE

A Short Term Natural Gas option is a European-style option.

1066.03 — TRADING UNIT A Short Term 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 underlying Henry Hub Natural Gas futures contract 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 Short Term Natural Gas call option contract traded on the Exchange represents the cash difference between the settlement price of the first nearby 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 futures will be used for settlement.

1066.04 — STRIKE PRICES

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

1066.05 — TRADING MONTHS Trading in Short Term Natural Gas option contracts shall be conducted in the days determined by the Exchange.

~~1066.06 PRICES~~

~~Prices shall be quoted in dollars and cents per MMBtu. The minimum price increment will be \$0.0001 per MMBtu, or \$1 per contract.~~

~~1066.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS Trading in Short Term Natural Gas option contracts shall not be subject to price fluctuation limitations.~~

Chapter 375

Henry Hub Natural Gas Last Day Financial Option

375100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on the Henry Hub Natural Gas Look-Alike Last Day Financial Futures contract. In addition to the rules of this chapter, transactions in options on Henry Hub Natural Gas Look-Alike Last Day Financial Futures shall be subject to the general rules of the Exchange insofar as applicable.

375101. OPTION CHARACTERISTICS

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

375101.A. Trading Schedule

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

375101.B. Trading Unit

The Henry Hub Natural Gas Last Day Financial Option is a European Style Option contract which cannot be exercised prior to expiration. The Henry Hub Financial Last Day Put Option contract traded on the Exchange will represent the cash difference between the strike price and the settlement price of the underlying Henry Hub Natural Gas Look-Alike Last Day Financial Futures contract traded on the Exchange multiplied by \$10,000, or zero, whichever is greater. The Henry Hub Financial Last Day Call Option contract traded on the Exchange will represent the cash difference of the settlement price of the underlying Henry Hub Natural Gas Look-Alike Last Day Financial Futures contract traded on the Exchange less the strike price multiplied by \$10,000, or zero, whichever is greater.

375101.C. Price Increments

Prices shall be quoted in dollars and hundredths of cents per MMBtu. The minimum price fluctuation will be \$.0001 per MMBtu. for transactions submitted for clearing via CME ClearPort. The minimum price fluctuation will shall be \$0.0010 per MMBtu for trades executed on CME Globex. However, a cabinet trade may occur at the price of \$.0001 per MMBtu or \$1.

375101.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.

375101.E. Termination of Trading

The Henry Hub Natural Gas Last Day Financial Option shall expire on the same day as the underlying Henry Hub Natural Gas Look-Alike Last Day Financial Futures Contract.

375101.F. Type Option

The option is a European-style option.

375102. EXERCISE PRICES AND CHARACTERISTICS

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

375103. 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 Table in the Interpretations & Special Notices Section of Chapter 5.

375104. TEMPORARY TRADING HALT

When a Triggering Event (as defined in Chapter 220) in Henry Hub Natural Gas futures occurs, trading in this option shall be subject to a coordinated Temporary Trading Halt (as defined in Chapter 220).

Chapter 1066

Short-Term Natural Gas Option

1066100. SCOPE OF CHAPTER

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

1066101. OPTION CHARACTERISTICS

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

1066101.A. Trading Schedule

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

1066101.B. Trading Unit

A Short-Term 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 underlying Henry Hub Natural Gas futures contract 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 Short-Term Natural Gas call option contract traded on the Exchange represents the cash difference between the settlement price of the first nearby 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 futures will be used for settlement.

1066101.C. Price Increments

Prices shall be quoted in dollars and cents per MMBtu. The minimum price increment will be \$0.0001 per MMBtu for transactions submitted for clearing via CME ClearPort. The minimum price fluctuation will shall be \$0.001 per MMBtu for trades executed on CME Globex., or \$1 per contract

1066101.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.

1066101.E. Termination of Trading

Expiration shall be in accordance with the following schedule. On the initial listing date, the Short-Term Natural Gas option will be listed with expiration four business days from the listing date. Thereafter, an additional contract will be listed for expiration four days after that business day. In the event that the expiration day of the Short-Term Natural Gas option coincides with the expiration of the associated Natural Gas option, the Short-Term Natural Gas option will not be listed. No Short-Term Natural Gas option shall be listed if its expiration coincides with an Exchange holiday.

1066101.F. Type Option

The option is a European-style option.

1066102. EXERCISE PRICES AND CHARACTERISTICS

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

1066103. 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 Table in the Interpretations & Special Notices Section of Chapter 5.