

## Chapter 63A

### Options on Lumber Futures

#### 63A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Lumber futures. In addition to this chapter, options on Lumber Futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of these rules, unless otherwise specified, times referred to herein shall refer to and indicate Central Prevailing Time (CPT).

#### 63A01. OPTIONS CHARACTERISTICS

##### 63A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

##### 63A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one (1) Lumber Futures contract as specified in Chapter 63.

##### 63A01.C. Minimum Price Fluctuation

The price of an option shall be quoted in dollars per thousand board feet (mbf). The minimum price fluctuation (also known as tick) shall be in multiples of \$.10 per mbf.

##### 63A01.D. Underlying Futures Contract

###### 1. Options in the Regular Cycle

For regular-cycle options, the underlying futures contract is the corresponding futures contract. For example, the underlying futures contract for the January option contract is the January futures contract.

###### 2. Options Not in the Regular Cycle

For options that expire in months other than those in the regular cycle, the underlying futures contract is the next futures contract in the regular cycle that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract.

##### 63A01.E. Exercise and Exercise Prices

Transactions and exercise of options shall be conducted for option contracts as set forth in the [Strike Price Listing and Exercise Procedures Table](#).

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

##### 63A01.F. 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.

##### 63A01.G. Termination of Trading

###### 1. Options in the Regular Cycle

Options trading shall terminate on the last scheduled Business Day of the month prior to the delivery month of the underlying futures contract. In the event that the underlying futures market

does not open on the scheduled Expiration Day, the option expiration shall be extended to the next Business Day on which the underlying futures market is open for trading.

2. Options Not in the Regular Cycle

Options trading shall terminate on the last scheduled Business Day of the month prior to the option contract month. In the event that the underlying futures market does not open on the scheduled Expiration Day, the option expiration shall be extended to the next Business Day on which the underlying futures market is open for trading.

**63A02. ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the assignment of Lumber options.

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to Clearing Members with open short positions in the same series. A Clearing Member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following Business Day.

The Clearing Member assigned an Exercise Notice shall be assigned a short position in the underlying futures contract if a call was exercised or a long position if a put was exercised. The Clearing Member representing the option buyer shall be assigned a long position in the underlying futures contract if a call was exercised and a short position if a put was exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the Trading Day of acceptance by the Clearing House of the Exercise Notice.