

Chapter 1120

Coal (API 8) cfr South China (Argus/McCloskey) Average Price Option

1120100. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Coal (API 8) cfr South China (Argus/McCloskey) futures contracts. In addition to the rules of this chapter, transactions in options on Coal (API 8) cfr South China (Argus/McCloskey) futures shall be subject to the general rules of the Exchange insofar as applicable.

1120101. OPTION CHARACTERISTICS

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

1120101.A. Trading Schedule

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

1120101.B. Trading Unit

A Coal (API 8) cfr South China (Argus/McCloskey) Average Price Call Option traded on the Exchange represents the differential between the final settlement price of the underlying Coal (API 8) cfr South China (Argus/McCloskey) futures and the strike price, multiplied by 1,000 metric tons, or zero, whichever is greater. A Coal (API 8) cfr South China (Argus/McCloskey) Average Price Put Option traded on the Exchange represents the differential between the strike price and the final settlement price of the underlying Coal (API 8) cfr South China (Argus/McCloskey) futures, multiplied by 1,000 metric tons, or zero, whichever is greater.

1120101.C. Price Increments

Prices shall be quoted in dollars and cents per metric tons and prices shall be in multiples of \$0.01 per metric ton. The minimum price increment will be \$0.01.

1120101.D. Position Limits and Position Accountability

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.

1120101.E. Termination of Trading

The option contract shall expire at the close of trading on the day that is the last day in the contract month that is the last day of a working week in London. A working week is defined as Monday through Friday excluding any applicable public holidays. If such day is not a Clearing House business day, the contract shall terminate on the Clearing House business day immediately prior.

1120101.F. Type Option

The option is a European-style option cash settled on expiration day.

1120102. EXERCISE PRICES

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

1120103. DISCLAIMER

The Coal (API 8) cfr South China (Argus/McCloskey) Average Price Option (the "Product") is not sponsored, endorsed, sold or promoted by Argus Media Inc. ("Argus") or IHS Global Ltd. ("IHS"). Argus and IHS make no representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of trading in the Product.

Argus' and IHS' only relationship to Chicago Mercantile Exchange Inc., CME Clearing Europe Ltd. and New York Mercantile Exchange, Inc. (together, "CME") is the licensing of certain trademarks and trade names of Argus and IHS, and of the API 8 index (which is determined, composed and calculated by Argus and IHS without regard to CME or the Product), and Argus

and IHS have no obligation to take the needs of CME or the owners of the Product into consideration in determining, composing or calculating the API 8 index. Argus and IHS are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Product to be listed or in the determination or calculation of the equation by which the Product is to be converted into cash. Argus and IHS have no obligation or liability in connection with the administration, marketing or trading of the Product.

ARGUS, IHS AND CME DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE API 8 INDEX OR ANY DATA RELATED THERETO AND NEITHER ARGUS, IHS, NOR CME SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. ARGUS, IHS AND CME MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY CME, OWNERS OF THE PRODUCT, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE API 8 INDEX OR ANY DATA RELATED THERETO. ARGUS, IHS, AND CME MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE API 8 INDEX OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ARGUS, IHS, OR CME HAVE ANY LIABILITY FOR ANY DAMAGES WHATSOEVER, WHETHER DIRECT OR INDIRECT, INCLUDING WITHOUT LIMITATION, LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN ARGUS, IHS, AND CME.

Without prejudice to any of the above provisions and in addition to them, each and every third party should and must note that, insofar as New York Mercantile Exchange, Inc. ("NYMEX") may list any index for trading in or in connection or by reference therewith, none of:

- a. NYMEX;
- b. its directors or officers; or
- c. any relevant party that NYMEX may contract with for the supply of the index or information in relation thereto;

(each of the foregoing, a "Relevant Party") assume any obligation or liability in connection with the trading of any contract based on such index. Accordingly, no Relevant Party shall be in any way responsible for any losses, expenses or damages (in all cases direct or indirect) arising in connection with or referable to the trading of any contract linked or referable to the said index, provided that nothing herein shall affect either the obligations of NYMEX or its Members as Parties trading in any contract so linked or referable. None of the Relevant Parties guarantee or warrant or undertake in any manner the accuracy or completeness of any such index or any information or data included in or referable to it.

NONE OF THE RELEVANT PARTIES MAKE ANY WARRANTY OR GIVES ANY GUARANTEE OR UNDERTAKING, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF, OR THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF ANY SUCH INDEX, AND PROXY RELATED OR REFERABLE THERETO OR ANY INFORMATION OR DATA INCLUDED IN OR REFERABLE TO IT IN CONNECTION WITH ANY TRADING OR ANY CONTRACTS OR FOR ANY OTHER USE.

NONE OF THE RELEVANT PARTIES MAKE ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO ANY SUCH INDEX, ANY RELATED OR REFERABLE THERETO OR ANY INFORMATION OR DATA INCLUDED IN OR REFERABLE TO ANY SUCH INDEX.