

## Chapter 10A Options on Corn Futures

### 10A00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Corn futures contracts. In addition to the rules of this chapter, transactions in options on Corn futures shall be subject to the general rules of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

### 10A01. OPTIONS CHARACTERISTICS

#### 10A01.A. Contract Months

Trading may be conducted in the nearby Corn futures options contract month and any succeeding months, provided however, that the Exchange may determine not to list a contract month. For options that are traded in contract months in which Corn futures are not traded, the underlying futures contract is the next futures contract 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. For New Crop Weekly and Short Dated New Crop options, the underlying futures contract is the December futures contract that is nearest to the expiration of the option until the termination of trading of the current year's standard September option, at which point the underlying becomes the next year's December futures contract.

#### 10A01.B. Trading Unit

One 5,000 bushel Corn futures contract of a specified contract month.

#### 10A01.C. Minimum Fluctuations

The premium for Corn futures options shall be in multiples of one-eighth (1/8) of one cent per bushel of a 5,000 bushel Corn futures contract which shall equal \$6.25 per contract.

However, a position may be initiated or liquidated in Corn futures options at a premium ranging from \$1.00 to \$6.00 in \$1.00 increments per option contract.

#### 10A01.D. Trading Hours

The hours of trading for options on Corn futures contracts shall be determined by the Exchange. Corn futures options shall be opened and closed for all months and strike prices simultaneously.

#### 10A01.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](#).

#### 10A01.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.

#### 10A01.G. Reserved

#### 10A01.H. Nature of Options on Corn Futures

The buyer of one Corn futures put option may exercise his option at any time prior to expiration (subject to Regulation 10A02.A.) to assume a short position of one Corn futures contract in a specified contract month at a striking price set at the time the option was purchased. The seller of one Corn futures put option incurs the obligation to assume a long position of one Corn futures contract in a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one Corn futures call option may exercise his option at any time prior to expiration (subject to Rule 10A02.A.) to assume a long position of one Corn futures contract in a specified contract month at a striking price set at the time the option was purchased. The seller of one Corn futures call option incurs the obligation to assume a short position of one Corn futures contract in a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer.

#### **10A01.I. Termination of Trading**

##### **10A01.I.1. Standard and Serial Options**

The last day of trading in any standard or serial option for expiry in a given month shall be the last Friday which precedes by at least two business days the last business day of the calendar month preceding such option's named expiry month. If such Friday is not a business day, then the last day of trading in such option shall be the business day prior to such Friday.

On their last day of trading, expiring standard or serial options shall cease trading at the close of the electronic trading session for the corresponding Corn futures contract, subject to the provisions of Rule 10A01.D.

##### **10A01.I.2. Weekly Options**

Any weekly option shall be designated to expire on a given Friday, provided however that no weekly option shall be designated to expire on any Friday that is also the last day of trading in a standard or serial option (Rule 10A01.I.1.). Trading in any weekly option shall terminate on the Friday on which such option is designated to expire. If such Friday is not a business day, then trading in weekly options designated for expiration on such Friday shall terminate on the business day prior to such Friday.

On their last day of trading, expiring weekly options shall cease trading at the close of the electronic trading session for the corresponding Corn futures contract, subject to the provisions of Rule 10A01.D.

##### **10A01.I.3. Short Dated Options on New Crop Futures**

Short Dated Options on New Crop futures are monthly contracts listed for 24 months, with 12 new contract months listed (Oct-Sep) after the termination of trading in the September contract of the current year. The last day of trading in any short dated option on new crop futures for expiry in a given month shall be the last Friday which precedes by at least two business days the last business day of the calendar month preceding such option's named expiry month. If such Friday is not a business day, then the last day of trading in such option shall be the business day prior to such Friday.

On their last day of trading, short dated options on new crop futures shall cease trading at the close of the electronic trading session for the corresponding Corn futures contract, subject to the provisions of Rule 10A01.D. The underlying futures contract is the December futures contract that is nearest to the expiration of the option until the termination of trading of the current year's standard September option, at which point the underlying becomes the next year's December futures contract. (10A01.A.).

##### **10A01.I.4. New Crop Corn Weekly Options**

Weekly Options on New Crop futures are weekly contracts listed for three consecutive weeks. Any New Crop Corn Weekly option shall be designated to expire on a given Friday, provided however that no New Crop Corn Weekly option shall be designated to expire on any Friday that is also the last day of trading in a standard Short Dated Option on New Crop Futures option (Rule 10A01.I.3.). Trading in any weekly option shall terminate on the Friday on which such option is designated to expire. If such Friday is not a business day, then trading in New Crop Corn Weekly options designated for expiration on such Friday shall terminate on the business day prior to such Friday. On their last day of trading, expiring New Crop Corn Weekly options shall cease trading at the close of the electronic trading session for the corresponding Corn futures contract, subject to the provisions of Rule 10A01.D. The underlying futures contract is the December futures contract that is nearest to the expiration of the option until the termination of trading of the current year's September option, at which point the underlying becomes the next year's December futures contract. (10A01.A.).

##### **10A01.I.5. Trading in Underlying Futures**

In the event that the underlying futures market does not open on a day scheduled for option expiration, such option expiration shall occur on the next day on which the

underlying futures market opens for trading.

**10A01.J. Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of the rules and all open and new options contracts shall be subject to such government orders.

**10A02. ASSIGNMENT**

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

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members' open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified of the assignment as soon as practicable after such notice is assigned by the Clearing House.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position in the underlying futures contract if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised or a short position in the underlying futures contract if a put is 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.

**10A03. [RESERVED]**

**10A04. [RESERVED]**

**10A05. OPTION PREMIUM LIMITS**

There are no option premium limits during any day for options on Corn futures.

**10A06. PAYMENT OF OPTION PREMIUM**

The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.