

Chapter 13B

Soybean Meal Calendar Spread Options

13B00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Soybean Meal Futures Calendar Spreads. In addition to the rules of this chapter, transactions in Soybean Meal Calendar Spread Options 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.

13B01. OPTIONS CHARACTERISTICS

13B01.A. Contract Months

Trading in Soybean Meal Calendar Spread options may be scheduled in such months as determined by the Exchange.

13B01.B. Trading Unit

One Soybean Meal Calendar Spread Option reflects one (1) Soybean Meal futures contract of a specified nearby contract month, and one opposing Soybean Meal futures contract of a specified deferred contract month on the Board of Trade of the City of Chicago, Inc.

The Soybean Meal Calendar Spread is calculated in dollars and cents per ton as:

Nearby Soybean Meal futures price in dollars and cents per ton – Deferred Soybean Meal futures price in dollars and cents per ton.

13B01.C. Minimum Fluctuations

The premium for Soybean Meal Calendar Spread options shall be in multiples of five cents per ton, which shall equal \$5.00 per contract.

However, a position may be initiated or liquidated in Soybean Meal Calendar Spread options at premiums ranging from \$1.00 to \$4.00, in \$1.00 increments per option contract.

13B01.D. Trading Hours

The hours for trading of Soybean Meal Calendar Spread options contracts shall be determined by the Exchange. Soybean Meal Calendar Spread options shall be opened and closed for all months and strike prices simultaneously.

13B01.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](#).

13B01.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.

13B01.G. Reserved

13B01.H. Nature of Options on the Calendar Spreads

The buyer of one Soybean Meal Calendar Spread put option may exercise his option only upon option expiration, (subject to Rule 13B02.A), to assume a short position of one futures contract of a nearby specified contract month, and a long position in one futures contract of a deferred specified contract month, at a strike price set at the time the option was purchased.

The seller of one Soybean Meal Calendar Spread put option incurs the obligation of assuming a long position one futures contract of a nearby specified contract month, and a short position of one futures contract of a deferred specified contract month at a combination of prices such that the Calendar Spread equals the strike price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one Soybean Meal Calendar Spread call option may exercise his option only upon option expiration, (subject to Rule 13B02.A), to assume a long position of one futures contract of a nearby specified contract month, and a short position of one futures contract of a deferred specified contract month at a strike price set at the time the option was purchased.

The seller of one Soybean Meal Calendar Spread call option incurs the obligation of assuming a short position of one futures contract of a nearby specified contract month and a long position of one futures contract of a deferred specified contract month at a combination of prices such that the Calendar Spread equals the strike price set at the time the option was sold, upon exercise by a call option buyer.

13B01.I. Termination of Trading

Subject to the provisions of rule 13B01.D no trades in Soybean Meal Calendar Spread options expiring in the current month shall be made after the close of trading of the electronic trading session on the day identical to the expiration of options corresponding to Soybean Meal Futures. Therefore, expiration will occur on the last Friday which precedes by at least two business days, the last business day of the month preceding that earliest expiring corresponding option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. For example, the March-May Soybean Meal Calendar Spread Option (March Soybean Meal minus May Soybean Meal) will expire on the last Friday which precedes by at least two business days the last business day of February; the October-December Soybean Meal Calendar Spread Option (October Soybean Meal minus December

Soybean) will expire on the last Friday which precedes by at least two business days the last business day of September.

13B01.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.

13B02. ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the assignment of Soybean Meal Calendar Spread Options.

The Soybean Meal Calendar Spread is calculated using final settlement values for the underlying contracts in the following formula: (Settlement Price of specified nearby Soybean Meal futures) – (Settlement Price of specified deferred Soybean Meal futures). An option is in-the-money if the settlement price of the underlying Calendar Spread is greater in the case of a call, or less in the case of a put, than the exercise price of the option.

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.

Upon the exercise of a Soybean Meal Calendar Spread option the Clearing House assigns prices to the legs of the Soybean Meal Calendar Spread in the following manner:

- a. assigned nearby Soybean Oil Futures price equals the Soybean Meal Futures settlement price on the day of exercise,
- b. assigned deferred Soybean Oil Futures price equals the nearby Soybean Meal Futures settlement price on the day of exercise minus the strike value of the option,

All such futures positions shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

13B03. [RESERVED]

13B04. [RESERVED]

13B05. OPTION PREMIUM FLUCTUATION LIMITS

There are no option premium limits during any day for Soybean Meal Calendar Spread options.

13B06. 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.