

## Chapter 365A

### Options on S&P 500<sup>®</sup> Annual Dividend Index Futures

#### 365A00. SCOPE OF CHAPTER

This chapter is limited in application to options on S&P 500<sup>®</sup> Annual Dividend Index futures (“S&P 500<sup>®</sup> Annual Dividend Index futures” or “futures”). In addition to this chapter, options on futures shall be subject to the general rules and regulations of the Exchange as applicable.

Unless otherwise specified, times referenced herein shall refer to and indicate Chicago time.

##### 365A00.A. Primary Listing Exchange

For the purposes of this chapter a Primary Listing Exchange shall be as defined in the “Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934” approved 31 May 2012 by the U.S. Securities and Exchange Commission (“SEC”), as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4-631).

##### 365A00.B. Regulatory Halt

For the purposes of this chapter a Regulatory Halt shall be as defined in the “Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS Under the Securities Exchange Act of 1934” approved 31 May 2012 by the SEC, as amended from time to time (SEC, SRO Rulemaking, National Market System Plans, File 4- 631) and as implemented under New York Stock Exchange Rule 7.12 for Trading Halts Due to Extraordinary Volatility or under Nasdaq Stock Market Rule 4121 for Trading Halts Due to Extraordinary Volatility.

#### 365A01. OPTIONS CHARACTERISTICS

##### 365A01.A. Contract Months, Trading Hours, and Trading Halts

Options shall be listed for expiration on such dates and shall be scheduled for trading during such hours as may be determined by the Exchange, *provided that* there shall be no trading in options when trading is halted in the Primary Futures Contract Month for S&P 500<sup>®</sup> Annual Dividend Index futures pursuant to Rule 36502.I.

In accordance with Rule 36502.I. the Exchange shall determine, in its sole discretion, the futures delivery month that represents such Primary Futures Contract.

##### 365A01.B. Trading Unit

The trading unit shall be an option to buy in the case of a call, or to sell in the case of a put, one S&P 500<sup>®</sup> Annual Dividend Index futures contract (Chapter 365).

##### 365A01.C. Minimum Fluctuations

Option prices shall be quoted in Index points. Each Index point shall represent \$250.00 per option contract.

The minimum price fluctuation shall be 0.05 Index points (equal to \$12.50 per option contract).

Premium > 5.00 index points, trading in increments of 0.05 index points (\$12.50)

Premium <= 5.00 index points, trading in increments of 0.025 index points (\$6.25)

##### 365A01.D. Underlying Futures Contract

The Underlying Futures Contract shall be for delivery on the December S&P 500<sup>®</sup> Annual Dividend Index Futures contract of the same year.

##### 365A01.E. Exercise Prices

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

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

##### 365A01.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.

#### **365A01.G. Nature of Options**

Upon exercise of a put option by the buyer of such option, the seller of such option shall incur the obligation to assume a long position in one Underlying Futures Contract (Rule 365A01.D.) at such option's exercise price (Rule 365A01.E.). Upon exercise of a call option by the buyer of such option, the seller of such option shall incur the obligation to assume a short position in one Underlying Futures Contract at such option's exercise price. The options may only be exercised at their expiration.

#### **365A01.H. [Reserved]**

#### **365A01.I. Termination of Trading**

Trading shall terminate at the same time of the termination of trading in the underlying futures.

#### **365A01.J. Trading Prohibition**

The following persons are prohibited from trading in futures (each, a "Prohibited Person"):

1. Any person who is a director or officer, subject to Section 16 of the Securities Exchange Act of 1934 as amended from time to time, of a corporation that is a constituent of the S&P 500<sup>®</sup> index.
2. Any person who is in possession of material non-public information relating to ordinary cash dividends of a constituent corporation of the S&P 500<sup>®</sup> index, including (but not limited to) information concerning the timing or amount of any ordinary cash dividend.

### **365A02. EXERCISE AND ASSIGNMENT**

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

#### **365A02.A. Exercise**

Any European Style (Rule 365A01.D.1.) option may be exercised only at, and not before, the expiration of such option. Following termination of trading in expiring options, any such option that is in the money shall be automatically exercised by the Clearing House, and any such option that is out of the money shall be abandoned by the Clearing House. For the avoidance of doubt, no such option that expires in the money may be abandoned, and no such option that expires out of the money may be exercised.

Whether an option expires in the money or out of the money shall be determined by the Exchange, in its sole discretion, by reference to the Final Settlement Price of such option's Underlying Futures Contract (Rule 365A01.D.).

An expiring call option shall be in the money if the corresponding Final Settlement Price is at or above such option's exercise price and shall be out of the money if the corresponding Final Settlement Price is strictly below such option's exercise price.

An expiring put option shall be in the money if the corresponding Final Settlement Price is strictly below such option's exercise price and shall be out of the money if the corresponding Final Settlement Price is at or above such option's exercise price.

#### **365A02.B. Assignment**

For a given option contract, an exercise notice accepted by the Clearing House in accordance with Rules 365A02.A. shall be assigned by the Clearing House through a process of random selection to clearing members carrying open short positions in such option contract. A clearing member to whom such exercise notice has been assigned shall be notified thereof as soon as practicable following such assignment.

The clearing member to whom such exercise notice has been assigned shall be assigned a short position in such option's Underlying Futures Contract (Rules 365A01.D.) if such option is a call, or a long position in such option's Underlying Futures Contract if such option is a put. The clearing member representing the option buyer making exercise shall be assigned a long position in such option's Underlying Futures Contract if such option is a call, or a short position in such option's

Underlying Futures Contract if such option is a put.

All such futures positions shall be assigned at a price equal to the exercise price of such option contract and shall be marked to market (in accordance with Rule 814) on the Business Day on which the Clearing House accepts such exercise notice.

**365A03. [RESERVED]**

**365A04. [RESERVED]**

**365A05.-29. [RESERVED]**

(End Chapter 365A)

#### **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 365A**

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