

Chapter 407A

Options on CME European Seasonal Strip HDD Index Futures

407A00. SCOPE OF CHAPTER

This chapter is limited in application to options on CME European Seasonal Strip HDD Index futures. In addition to this chapter, options on CME European Seasonal Strip HDD Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

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

407A01. OPTIONS CHARACTERISTICS

407A01. 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.

407A01. 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 respective CME European Seasonal Strip HDD Index futures contract as specified in Chapter 407. The table below lists the cities and their corresponding weather stations for which options on CME European

Seasonal Strip HDD Index Futures are available:

Listing Cities and Corresponding Automated Weather Stations

Amsterdam-Schiphol, Netherlands (WMO 06240)

London-Heathrow, United Kingdom (WMO 03772)

ESSEN, Germany (WMO 10410)

PARIS ORLY, France (WMO 07149)

407A01.C. Minimum Fluctuations

The price of an option shall be quoted in terms of the respective CME European Seasonal Strip HDD Index. Each index point represents 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations. For example, a quote of 2 index points represents 40 British pounds (pounds sterling) for London-Heathrow, or 40 Euros (€) for all other locations. The minimum fluctuation shall be 1.0 index point (also known as one tick), equal to 20 British pounds (pounds sterling) for London-Heathrow, or 20 Euros (€) for all other locations.

407A01.D. [Reserved]

407A01.E. Exercise Prices

Exercise prices shall be stated in terms of the respective CME European Seasonal Strip HDD Index futures contract. Eligible exercise prices shall be at intervals of 1 CME Seasonal Degree Days Index point (e.g., 4510, 4511, 4512, etc.). At the commencement of options trading in a contract month, the eligible put and call options are dynamically listed at intervals of 1 index point in a range of 0 to 8500 index points for a seasonal Strip HDD. New options may be listed for trading up to and including the termination of trading. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

407A01.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.

407A01.G. [Reserved]

407A01.H. [Reserved]

407A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

407A01.J. [Reserved]

407A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the CME European Seasonal Strip HDD options.

407A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer only on the termination of Trading Day. To exercise an option the clearing member representing the buyer shall present an exercise notice to the Clearing House by 5:30 p.m. on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 5:30 p.m. on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

407A02.B. Assignment

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 before the opening of Regular Trading Hours 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 is exercised or a long position 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 and a short position 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.

407A03. [RESERVED]

(End Chapter 407A)

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 407A****LIMITATION OF LIABILITY AND DISCLAIMER**

Speedwell Settlement Services Ltd. ("SSS") grants the Exchange the rights to use various data ("Data") in connection with the trading of futures contracts and options on futures contracts based upon such Data. SSS makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Data in connection with the trading of futures contracts, options on futures contracts or any other use. SSS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Data. Without limiting any of the foregoing, in no event shall SSS have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.