

## Chapter 56A Options on Cash-Settled Butter Futures

### **56A00. SCOPE OF CHAPTER**

This chapter is limited in application to options on Cash-Settled Butter futures. In addition to this chapter, options on Cash-Settled Butter 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 to herein shall refer to and indicate Chicago time.

### **56A01. OPTIONS CHARACTERISTICS**

#### **56A01.A. Contract Months**

Options contracts shall be listed for such contract months and final settlement in such months as may be determined by the Exchange.

#### **56A01.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 Cash-Settled Butter futures contract as specified in Chapter 56.

#### **56A01.C. Minimum Fluctuations**

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of \$0.00025 per pound (also known as one tick). A trade may also occur at a price of \$0.000125 per pound (\$5.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

#### **56A01.D. Trading Hours**

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

#### **56A01.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](#).

#### **56A01.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.

#### **6A01.G. [Reserved]**

#### **56A01.H. [Reserved]**

#### **56A01.I. Termination of Trading**

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

#### **56A01.J. [Reserved]**

### **56A02. ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7 the following shall apply to the exercise of Cash-Settled Butter options.

#### **56A02.A. Exercise of Option**

In addition to the applicable procedures and requirements of Chapter 7 the following shall apply to

the assignment of Cash-Settled Butter options.

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 prior to the opening of trading 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 following acceptance by the Clearing House of the Exercise notice.

**56A03. [RESERVED]**

**56A04.-29. [RESERVED]**