

## Chapter 310A

### Options on Australian dollar/New Zealand dollar (AUD/NZD) Cross Rate Futures

#### 310A00. SCOPE OF CHAPTER

This chapter is limited in application to options on Australian dollar/New Zealand dollar cross rate futures. In addition to this chapter, options on Australian dollar/New Zealand dollar cross rate 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.

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Options contracts covered by this chapter may also be referred to as: AUD/NZD "Quarterly Options" and AUD/NZD "Serial Options."

#### 310A01. OPTIONS CHARACTERISTICS

##### 310A01.A Contract Months, Trading Hours, and Trading Halts

Options contracts shall be listed for such contract months (i.e., expirations) and scheduled for trading during such hours, except as indicated below, as may be determined by the Exchange.

##### 310A01.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 Australian dollar/New Zealand dollar cross rate futures contract as specified in Chapter 310.

##### 310A01.C. Price Increments

The price of an option shall be quoted in terms of New Zealand dollars per Australian dollar. Each 0.0001 New Zealand dollar per Australian dollar (1 point) shall represent 20 New Zealand dollars. For example. A quote of 0.0089 represents an option price of 1780 New Zealand dollars (89 points x 20 per 1 point). The minimum fluctuation shall be 1 point (also known as one tick). A trade may also occur at a price of 0.00005 (10 New Zealand dollar, also known as one-half tick), 0.00015 (30 New Zealand dollar, also known as one and one-half ticks), 0.00025 (50 New Zealand dollar, also known as two and one-half ticks), 0.00035 (70 New Zealand dollar, also known as three and one-half ticks), and 0.00045 (90 New Zealand dollar, also known as four and one-half ticks), whether or not it results in the liquidation of positions for both parties to the trade.

##### 310A01.D. Underlying Futures Contract

The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) whose termination of trading follows the option's last day of trading by more than two Exchange Business Days.

##### 310A01.E. 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.

##### 310A01.F. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

##### 310A01.G. [Reserved]

##### 310A01.H. Termination of Trading and Expiration Days for Options

1. Monthly Options in the March Quarterly Cycle ("Quarterly Options")

Trading in monthly options in the March quarterly cycle (i.e., March, June, September and December) shall terminate at 9:00 a.m. Central time on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is an Exchange holiday, trading in monthly options shall terminate on the immediately preceding Business Day.

2. Monthly Options Not in the March Quarterly Cycle ("Serial Options")

Trading in monthly options not in the March quarterly cycle (i.e., January, February, April, May, July, August, October and November) shall terminate at 9:00 a.m. Central time on the second Friday immediately preceding the third Wednesday of the contract month. If the foregoing date for termination is an Exchange holiday, trading in monthly options shall terminate on the immediately preceding Business Day.

**310A01.I. Exercise Prices and Listing of 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.

**310A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of option contracts on Australian dollar/New Zealand dollar futures. All options on Australian dollar/New Zealand dollar futures are European-style exercise only. Early option exercise prior to the option expiration day is not permitted. Contrary option exercise instructions are also not allowed.

**310A02.A. Exercise of Options by Buyer**

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option.

To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant "CME currency fixing price". This shall be determined by taking the fixing price for AUD/USD futures (as described in Chapter 255A) and dividing by the fixing price for the NZD/USD futures (as described in Chapter 258A), and then rounding to the nearest tradable tick.

An option is in-the-money if the fixing price of the underlying futures contract lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.

**310A02.B. Assignment**

Exercise notices created by the Clearing House for buyers of options shall be assigned by the Clearing House 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.

**310A03. [RESERVED]**