

CONTRACT RULES: ICE FUTURES SOFT COMMODITY OPTIONS CONTRACT

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¹ Amended 17 March 2015

MMMM.1 INTERPRETATION²

- (a) Save as otherwise specified herein, words and phrases defined in the Regulations shall have the same meanings in the Contract Rules and Administrative Procedures.
- (b) In these Contract Rules and in the Administrative Procedures:
- “Administrative Procedures” means all administrative procedures implemented by the Exchange for the purposes of these Contract Rules.
- “associated delivery month” means in respect of a Contract for an expiry month a delivery month which is the same month as the expiry month.
- “business day” means a day on which the Market, the Clearing House and banks in London are open for business.
- “Buyer” in respect of a Contract under these Contract Rules, means the person who is entitled under such Contract to exercise the option or options the subject of such Contract (including, except where the context otherwise requires, the Clearing House as buyer under a registered Contract).
- “call option” means a right, upon the exercise of which the Buyer of the call option becomes the buyer and the Seller of the call option becomes the seller under a contract in the terms of the Underlying Futures Contract for one lot and for the associated delivery month specified in the Contract for the call option.
- “Cocoa Option” means either a Contract for an option in respect of which the Underlying Futures Contract is the ICE Futures London Cocoa Futures Contract or a Contract for an option in respect of which the Underlying Futures Contract is the ICE Futures Euro Cocoa Futures Contract. .
- “Contract” means a contract made expressly or impliedly in these Contract Rules for the sale and purchase of one or more put options or one or more call options, and “registered Contract” means a Contract registered by the Clearing House.
- “delivery month” in respect of an Underlying Futures Contract, means each month specified as such by the Exchange pursuant to the Regulations.
- “Exercise Notice” means a notice from a Buyer to the Clearing House, in a form from time to time prescribed by the Clearing House, notifying the Clearing House that the Buyer thereby exercises one or more options against the Clearing House.

² Amended 17 March 2015

“exercise price”	means the price specified in an option contract which will be the contract price in the futures contract resulting from the exercise of the option.
“expiry date”	in respect of an option in respect of the relevant Underlying Futures Contract means the date when the option will, unless exercised, expire.
“expiry month”	means a month specified as such by the Exchange for which a Contract for an option in respect of the relevant Underlying Futures Contract can be made.
“expiry time”	in respect of an expiry month, means the time specified as such by the Exchange for a Contract for an option in respect of the relevant Underlying Futures Contract.
“in-the-money option”	means a put option or a call option where the exercise price is greater (in the case of a put option) or is less (in the case of a call option) than the price of contracts in the terms of the Underlying Futures Contract for the relevant delivery month.
“Last Trading Day”	in respect of an expiry month means the day specified as such by the Exchange for a Contract for an option in respect of the relevant Underlying Futures Contract.
“last trading time”	means the time, specified as such by the Exchange for a Contract for an option in respect of the relevant Underlying Futures Contract, at which trading for Contracts for an expiry month ceases on the Last Trading Day for such expiry month.
“option”	means a put option or a call option.
“put option”	means a right, upon the exercise of which the Buyer of the put option becomes the seller and the Seller of the put option becomes the buyer under a contract in the terms of the Underlying Futures Contract for one lot and for the associated delivery month specified in the Contract for the put option.
“Robusta Coffee Option”	means a Contract for an option in respect of which the Underlying Futures Contract is the ICE Futures Robusta Coffee Futures Contract.
“Seller”	in respect of a Contract under these Contract Rules means the person who sells the option or options the subject of such Contract (including, except where the context otherwise requires, the Clearing House as seller under the registered Contract).
“Underlying Futures Contract”	means a Commodity Futures Contract specified as such by the Exchange.

“Wheat Option” means a Contract for an option in respect of which the Underlying Futures Contract is the ICE Futures UK Feed Wheat Futures Contract.

“White Sugar Option” means a Contract for an option in respect of which the Underlying Futures Contract is the ICE Futures White Sugar Futures Contract.

(c) [Not used]

(d) [Not used]

MMMM.2 GENERAL

- (a) These Contract Rules shall apply to all Contracts in respect of options for the relevant Underlying Futures Contract.
- (b) Each Contract shall be for one or more put options or one or more call options on a contract in the Contract Terms of the relevant Underlying Futures Contract specified by the Exchange and for the expiry month and at the exercise price specified.

MMMM.3 MINIMUM PRICE FLUCTUATION

- (a) The exercise prices will be determined from time to time by the Exchange.
- (b) Minimum premium fluctuations will be determined by the Exchange from time to time but will not exceed minimum price fluctuations in respect of the relevant Underlying Futures Contract.

MMMM.4 EXERCISE

- (a) A Buyer may exercise an option in respect of a Contract for an expiry month up to 17.00 hours on any business day except the Last Trading Day for that expiry month, with the exception of White Sugar Options which may be exercised up to 17.25 hours on any business day except the Last Trading Day for that expiry month. On the Last Trading Day an Exercise Notice shall be given no later than forty-five minutes after the last trading time for a Contract. A Buyer shall give an Exercise Notice to the Clearing House in respect of a Contract in a manner from time to time prescribed by the Clearing House.
- (b) All trading in Contracts in respect of an expiry month for an option in the Underlying Futures Contract shall cease:
 - (i) [Not used]
 - (ii) in respect of a Robusta Coffee Option, at 12.30 on the third Wednesday in the calendar month immediately preceding the expiry month;
 - (iii) in respect of a Cocoa Option, at 12.00 on the Last Trading Day in the calendar month immediately preceding the expiry month;
 - (iv) [Not used]

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- (v) in respect of a White Sugar Option, at the close of trading in the White Sugar Futures Contract on the first day in the calendar month immediately preceding the expiry month; and
- (vi) in respect of a Wheat Option, at the close of trading in the relevant Underlying Futures Contract on the second Thursday of the calendar month immediately preceding the expiry month.
- (c) (i) If the day mentioned in Rule MMMM.4(b) above is not a business day, trading in the relevant Contract shall cease (subject to Rule MMMM.4(c)(ii)) on the business day immediately before that day; and
 - (ii) If the day mentioned in Rule MMMM.4(b) above is not a business day in consequence of a proclamation or announcement made after the close of business on the preceding business day, then trading in the relevant Contract shall cease on the business day next following always at the times specified in Rule MMMM.4(b).
- (d) Instructions not to exercise an option under a Contract may be given to the Clearing House no later than forty five minutes after the last trading time on the Last Trading Day.
- (e) After the last trading time on the expiry date and unless instructions not to exercise have been given under Rule MMMM.4(d) above, all options under a Contract that expire at the close of trading of the relevant Underlying Futures Contract which are in-the-money will be exercised automatically. In-the-money options will be determined by reference to that day's official futures settlement prices. For Contracts that expire before the close of trading of the relevant Underlying Futures Contract, in-the-money options will be determined by reference to futures reference prices supplied on the day by the Exchange (these will be calculated by the same means as the relevant official futures settlement prices). Exceptions to these provisions may be made by the Clearing House's clearing procedures, but these exceptions will not apply to Contracts which have full automatic exercise at expiry.

MMMM.5 ALLOCATION

- (a) Each Contract referred to in an Exercise Notice or exercised under Rule MMMM.4(e) shall be allocated by the Clearing House to a Seller of a Contract at the same exercise price and for the same expiry month as the option exercised.
- (b) Notification of exercise and assignment will be given by the Clearing House during the afternoon of the day of exercise, or as soon as is practically possible thereafter, together with a statement of the amount of the settlement premium due from the Buyer to Seller.
- (c) On the morning of the business day after exercise, margin will be called by the Clearing House from both parties in respect of the futures contract arising therefrom.

MMMM.6 EXPIRY MONTHS

- (a) The Exchange may at its discretion at any time determine the number of expiry months permitted to be traded under these Contract Rules in respect of an option for the Underlying Futures Contract, provided that such number does not exceed the number of delivery months for the time being quoted in respect of the Underlying Futures Contract. Subject thereto, a

new expiry month will be available for trading on the business day immediately following the Last Trading Day in respect of an expiry month in respect of the Underlying Futures Contract.

MMMM.7 OFFICIAL SETTLEMENT PREMIUM

- (a) Official settlement premiums will be established by reference to quotations at a supervised run through at each day's close of business in accordance with procedures established by the Exchange from time to time.

MMMM.8 ABANDONMENT

- (a) A Contract may not be abandoned by the Buyer otherwise than on the expiry date.

MMMM.9 [NOT USED]

MMMM.10 DEFAULT IN PERFORMANCE

- (a) A Buyer or a Seller shall be in default in performance where:
 - (i) he fails to fulfil in accordance with these Contract Rules, the Regulations and the Clearing House Rules his obligations under a Contract by the time and in the manner prescribed; or
 - (ii) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified pursuant to these Contract Rules, the Regulations and the Clearing House Rules; or
 - (iii) in the reasonable opinion of the Clearing House he is otherwise in default in performance.
- (b) Subject to the default rules of the Clearing House, in the event of a default in performance by a Buyer or a Seller in respect of a registered Contract, the Exchange shall, at the request of the Clearing House, forthwith fix a price for invoicing back and each option to which that Buyer or Seller, as applicable, is party, shall be invoiced back at that price. Such price may at the Exchange's absolute discretion take account of any compensation the Exchange may consider should be paid by or to the Buyer or Seller as applicable.

MMMM.11 FORCE MAJEURE

- (a) Subject to any steps taken at any time by the Exchange under emergency powers in the Regulations:
 - (i) a Seller or a Buyer shall be liable to perform his payment obligations in respect of a lot comprised in a Contract by the due time therefor, notwithstanding that he may be or is likely to be prevented from doing so by any event beyond his reasonable control including, without limitation, any act of God, strike, lockout, war, armed conflict, use of force by authority of the United Nations, fire, riot or civil commotion, combination of workmen, breakdown of machinery, unavailability or restriction of computer or data processing facilities or energy supplies or bank transfer systems; and

- (ii) in the event of a Buyer being prevented from exercising an option under a Contract in respect of an expiry month by the expiry time therefor, by any event beyond his reasonable control including, without limitation, any of the events specified in Rule MMMM.11(a)(i):
 - (A) the Buyer may give written notice to the Exchange specifying the Contract or, if more than one, the Contracts in respect of which the Buyer was prevented from exercising an option, the steps taken by the Buyer to exercise an option and the events which prevented him from so doing. Any such notice shall be given to the Exchange as soon as is practicable after the expiry time for an option specified in the notice; and
 - (B) if the Exchange is satisfied that the Buyer took all possible steps in the circumstances prevailing to exercise an option, the Exchange shall request the Clearing House to notify it of details of one or more Contracts between a Seller and the Clearing House which are on the same terms (except as to the parties or the option price) as, and have been matched by the Clearing House with, the Contract or Contracts specified in the Buyer's notice and shall fix a price for invoicing back. Each Contract the subject of the Buyer's notice and each Contract between the Clearing House and a Seller notified to the Exchange hereunder shall be invoiced back at such price. Such price may at the Exchange's absolute discretion take into account the Exchange's assessment of the intrinsic value of the options at the expiry thereof.

MMMM.12 [NOT USED]

MMMM.13 [NOT USED]

MMMM.14 [NOT USED]

MMMM.15 [NOT USED]

MMMM.16 [NOT USED]

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