

## Chapter 18 – DME Oman Crude Oil European Style Option Contract

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#### 18.1 Scope

This Chapter applies to a DME Oman Crude Oil European Style Option (the "Contract"), which is a European Style option cash-settled upon expiration.

#### 18.2 Definitions

In this Chapter the following definitions shall apply.

- (1) **DME Oman Crude Oil Futures Contract** means the Futures Contract the terms of which are set out in Chapter 10; and
- (2) **First Nearby Month** means the nearest month for which trading is being transacted, or the spot month; and
- (3) **Other capitalized terms** not defined herein shall have the meaning given to them in the DME Rulebook.

#### 18.3 Trading Unit

On expiration of a call option, the contract value for each Contract will be the product of the strike price being subtracted from the Settlement Price for the underlying Contract Month of the DME Oman Crude Oil Futures Contract on the expiration date and the result thereof being multiplied by 1,000 barrels, provided that if such product is less than zero, the contract value for each Contract will be zero. On expiration of a put option, the contract value for each Contract will be the product of the Settlement Price of the underlying Contract Month of the DME Oman Crude Oil Futures Contract on the expiration date being subtracted from the strike price and the result thereof being multiplied by 1,000 barrels, provided that if such product is less than zero, the contract value for each Contract will be zero.

#### 18.4 Prices

Prices shall be quoted in dollars and cents per barrel. The minimum price increment shall be \$.01 (one cent) per barrel. A trade may occur to close out a deep out of the money option ("Cabinet Trade") at the price of \$.001 per barrel or \$1.00 a Contract, however, if it results in the liquidation of positions of both parties to the trade.

#### 18.5 Strike Prices

Trading shall be conducted for options with strike prices in increments as set forth below:

- (A)** On the first Trading Day in an option contract month, trading shall be at the following strike prices: (i) the previous day's Settlement Price for DME Oman Crude Oil Futures contracts in the corresponding delivery month rounded off to the nearest fifty-cent increment strike price unless such price is precisely midway between two fifty-cent increment strike prices, in which case it shall be rounded off to the lower fifty-cent increment strike price and; (ii) the twenty fifty-cent increment strike prices which are twenty increments higher than the strike price described in (i) of this Rule 18.5(A) and; (iii) the twenty fifty-cent increment strike prices which are twenty increments lower than the strike price described in (i) of this Rule 18.5(A) and; (iv) an additional ten strike prices for both call and put options will be listed at \$2.50 increments above the highest fifty-cent increment as described in (ii) of this Rule 18.5(A), beginning with the first available such strike that is evenly divisible by \$2.50 and; (v) an additional ten strike prices for both call and put options will be listed at \$2.50 increments below the lowest fifty-cent increment as described in (iii) of this Rule 18.5(A), beginning with the first available such strike that is evenly divisible by \$2.50.
- (B)** Thereafter, on any Trading Day prior to the expiration of the option: (i) new consecutive fifty-cent increment striking prices for both puts and calls will be added such that at all times there will be at least twenty fifty-cent increment strike prices above and below the at-the-money strike price available for trading in all options Contract Months; and (ii) new \$2.50 increment strike prices will be added such that at all times there shall be ten \$2.50 increment strike prices above and below the nearest fifty cent increment strike price, beginning with the first available strike prices that are evenly divisible by \$2.50. The at-the-money strike price will be the previous Trading Day's DME Settlement Price for DME Oman Crude Oil Futures Contracts rounded in accordance with the procedures set forth in subsection (A)(i) of this Rule 18.5.
- (C)** Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in Contracts will be facilitated thereby, the Board may by resolution change the increments between strike prices, the number of strike prices which shall be traded on the first Trading Day in any new option Contract Month, the number of new strike prices which will be introduced on each Trading Day or the period preceding the expiration of a Contract in which no new strike prices may be introduced.

## **18.6 Expiration**

A DME Oman Crude Oil European Style Option Contract shall expire at conclusion of the Settlement session three Trading Days prior to the termination date of the underlying DME Oman Crude Oil Futures Contract.

## **18.7 Contract Months**

Contract Months will be determined by the Exchange.

## **18.8 Trading Hours**

The Exchange shall determine the trading hours from time to time.

## **18.9 Governing law**

This Contract shall be governed by and construed in accordance with English law.