

**CIRCULAR**  
10/065

11 October 2010

**Category:**

Trading

**Attachments:****Attach 1**Contract Rules for ICE  
Coal Options Contracts**Attach 2**Procedures for ICE  
Coal Options Contracts**Attach 3**Contract Specifications  
for ICE Coal Options  
Contracts**Summary of content:**Launch of ICE Futures  
Coal Options  
Contracts:

- ICE Rotterdam  
Coal Options;
- ICE Richards Bay  
Coal Options;
- ICE gC Newcastle  
Coal Options.

**For more information  
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[jason.pegley@theice.com](mailto:jason.pegley@theice.com)**Launch of ICE Futures Coal Options Contracts**

The purpose of this Circular is to advise Members and their customers of the launch of the following options contracts:

- ICE Futures Rotterdam Coal Options;
- ICE Futures Richards Bay Coal Options; and
- ICE Futures globalCOAL Newcastle Options ('Coal Options Contracts').

The Coal Options Contracts will be launched on **8 November 2010** and are options on the underlying equivalent futures contract. For example, the ICE Futures Rotterdam Coal Options Contract is an option on the ICE Futures Rotterdam Coal Futures Contract. The Coal Options Contracts specifications are attached.

**Contract outline**

The Coal Options Contracts are Equity-style European options such that the full value of the premium is paid by the Buyer upon execution and, unless the Buyer chooses to abandon, the option is automatically exercised on the expiry day if it is one or more ticks in-the-money with reference to that day's official settlement price of the equivalent futures contract. Members will have up to two and a quarter hours after the designated settlement period on the option expiry day to abandon the option. It should be noted that at-the-money and out-of-the-money options will expire and not be automatically exercised unless the Member has elected to exercise them.

**Listed months**

At launch up to 60 consecutive months will be listed on the ICE Platform. The first listed month will be Jan 2011.

In ICE Block 2, participants will be able to construct composites for quarters, seasons, calendar years and any other consecutive series of months, for the purposes of registering EFSSs.

**Expiry Time and Dates**

The Coal Options Contracts will expire at the end of the designated settlement period (16:15) of the equivalent futures contract, thirty calendar days before the start of the contract month/period. If that day is a non-Trading day, the expiry will be the preceding Trading Day. For example, February 2011 will expire on 31 December 2011.

**Strike Prices**

For each contract month, a range of sixty-one strike prices are automatically listed at strike price intervals of \$1.00 covering the price range from \$70.00 - \$130.00.

### Trading Hours

The trading hours for the contracts will be as follows:

- ICE Rotterdam and Richards Bay Coal Options 07:00 - 17:00 hours, London time;
- ICE gC Newcastle Coal Options 01:00 – 17:00 hours, London time

The exception is the expiry day where the expiring contract month will cease trading at 16:15 hours, London time.

### Eligibility to trade/clear the ICE Coal Options

Members and their customers will be permissioned to access the ICE Coal Options contracts based on their permissioning for the equivalent futures contract. For example, if a Member only has access to ICE Rotterdam Coal Futures, it will only be given access to the ICE Rotterdam Coal Options Contract. Members and their customers will need to ensure they have the necessary clearing limits in place to trade the Coal Options Contracts.

In Clearing Admin and Credit Management the three contracts are named as:

- Options – ICE Rotterdam Coal Futures;
- Options – ICE Richards Bay Coal Futures; and
- Options – gC Newcastle Coal Futures.

### Abandonment

Members will be able to abandon in-the-money options through TRS. Options can be abandoned up to two and a quarter hours (18:30) after the designated settlement period on the option expiry day.

### Transaction charges

The transaction fees charged for the ICE Coal Options Contracts (including Block Trades and EFSs) will be:

- Exchange Fee: \$7.00/lot
- Clearing Fee: \$2.00/lot
- Exercise Fee: \$2.00/lot.

### EFS trades

EFS trades may be registered up to 30 minutes after the close of business, except on the expiry day when EFSs in relation to the expiring contract month may be reported up to the end of the designated settlement period.

### TRS Contract codes and trade types

	ICE Rotterdam Coal Options	ICE Richards Bay Coal Options	ICE gC Newcastle Coal Options
<b>Physical Contract</b>	ATW	AFR	NCF
<b>Logical Commodity</b>	ATW	AFR	NCF
<b>Generic Contract</b>	O	O	O

	TRS Trade Type
Screen	T
EFS	S
Block Trade	K

#### Settlement Price Procedures

Settlement prices will be determined in accordance with Trading Procedure 2.4.9 and the designated settlement period will be 16:00 hours to 16:15 hours, London time.

#### Margins

Margin rates will be announced by ICE Clear Europe in due course.

#### Third party notification

Back Office system providers and Independent Software Vendors will be notified simultaneously with the release of this Circular.

#### Block Trade Facility

Block Trades must be reported to the Exchange within 5 minutes of the trade being completed.

The minimum volume threshold is the minimum number of lots that can be traded as a Block Trade and will be 50 lots. The minimum volume threshold for a complex strategy will also be 50 lots.

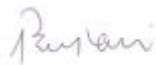
#### Contract Rules and Administrative Procedures

The amendments to the Contract Rules and Administrative Procedures governing the trading and exercise of the Contract are attached.

**I therefore give formal notice, on behalf of the Board, in accordance with the Code of Practice that it proposes the changes to Exchange Regulations set out below. The Code of Practice provides that any written request for the Board to consider whether the Code of Practice has been adhered to must be received by the Secretary within seven days of the date of this Circular. In the absence of any such request the proposed changes will come into effect on upon the launch of the contract.**

Please ensure that the appropriate staff within your organisation are advised of the content of this Circular.

Signed:



Patrick Davis  
Company Secretary