

CONTRACT RULES: ICE FUTURES SOFT COMMODITY CALENDAR SPREAD OPTIONS CONTRACT

SECTION YYYYYY - CONTRACT RULES: ICE FUTURES SOFT¹ COMMODITY CALENDAR SPREAD OPTIONS CONTRACT

| | |
|------------|-----------------------------|
| YYYYYYY.1 | Interpretation ² |
| YYYYYYY.2 | General |
| YYYYYYY.3 | Minimum Price Fluctuations |
| YYYYYYY.4 | Exercise ³ |
| YYYYYYY.5 | Allocation |
| YYYYYYY.6 | Expiry Months |
| YYYYYYY.7 | Official Settlement Premium |
| YYYYYYY.8 | Abandonment |
| YYYYYYY.9 | Default in Performance |
| YYYYYYY.10 | Force Majeure |

¹ Inserted 15 February 2018

² Amended 16 September 2019

³ Amended 16 September 2019

CONTRACT RULES: ICE FUTURES SOFT COMMODITY CALENDAR SPREAD OPTIONS CONTRACT

YYYYYY.1 INTERPRETATION⁴

- (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.
 - “back spread month” means a delivery month which is the farther of the two spread months as defined by the contract series, and shall be calculated based on the front spread 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 establishes a spread position in the Underlying Futures Contract of long one lot of the front spread month and short one lot of the back spread month, at a price difference equal to the Strike Price of the Contract. Upon exercise, the Seller establishes a spread position in the Underlying Futures Contract of short one lot of the front spread month and long one lot of the back spread month, at a price difference equal to the Strike Price of the Contract.
 - “Contract” means a contract made expressly or impliedly in these Contract Rules for the sale and purchase of one or more calendar spread options contract, and “registered Contract” means a Contract registered by the Clearing House.
 - “Exercise” American Style exercise. The option can be exercised by the Buyer on any Exchange business day that the contract is available for trading. At expiration, all in the money options will be automatically exercised by the Clearing House unless notice to abandon the option is provided to the Clearing House in accordance with Clearing House Procedures.
 - “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

⁴ Amended 16 September 2019

CONTRACT RULES: ICE FUTURES SOFT COMMODITY CALENDAR SPREAD OPTIONS CONTRACT

the Clearing House that the Buyer thereby exercises one or more options against the Clearing House.

| | |
|---------------------------------------|--|
| “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 corresponding to the front spread month. |
| “front spread month” | means a delivery month which is the nearer of the two spread months defined by the contract series, and shall be the same month as the expiry month. |
| “in-the-money option” | means a put option or a call option where the Strike Price is greater (in the case of a put option) or is less (in the case of a call option) than the difference in price between the front spread month and back spread month in the terms of the Underlying Futures Contract. |
| “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. |
| “London Cocoa Calendar Spread Option” | means an options Contract based on the price differential between the front spread month and the back spread month, calculated as the front spread minus the back spread month in respect of which the Underlying Futures Contracts are the ICE Futures London Cocoa Futures Contract. |
| “One-Month Series” | means a contract series where the back spread month is the first contract month after the expiry month. |

CONTRACT RULES: ICE FUTURES SOFT COMMODITY CALENDAR SPREAD OPTIONS CONTRACT

| | |
|---|---|
| “put option” | means a right, upon the exercise of which the Buyer establishes a spread position in the Underlying Futures Contract of short one lot of the front spread month and long one lot of the back spread month, at a price difference equal to the Strike Price of the Contract. Upon exercise, the Seller establishes a spread position in the Underlying Futures Contract of long one lot of the front spread month and short one lot of the back spread month, at a price difference equal to the Strike Price of the Contract. |
| “Robusta Coffee Calendar Spread Option” | means an options Contract based on the price differential between the front spread month and the back spread month, calculated as the front spread minus the back spread month in respect of which the Underlying Futures Contracts are 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). |
| “Strike Price” | means the price specified in an option contract which will be the price differential between the front spread month and back spread month, calculated as the front spread month minus the back spread month. The strike price is the price at which the spread position in the Underlying Futures Contracts resulting from the exercise of the option will be established. |
| “tick size” | means the minimum price movement as determined by the Exchange from time to time. |
| “Two-Month Series” | means a contract series where the back spread month is second contract month after the expiry month. |
| “Underlying Futures Contract” | means a Commodity Futures Contract specified as such by the Exchange. |

YYYYYY.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 Strike Price specified.

CONTRACT RULES: ICE FUTURES SOFT COMMODITY CALENDAR SPREAD OPTIONS CONTRACT

YYYYYY.3 MINIMUM PRICE FLUCTUATION

- (a) The Strike Prices will be determined from time to time by the Exchange.
- (b) The tick size will be determined by the Exchange from time to time but will not exceed minimum price movement in respect of the relevant Underlying Futures Contract.

YYYYYY.4 EXERCISE⁵

- (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. 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) in respect of a Robusta Coffee Calendar Spread Option, concurrent with the cessation of trading in the Robusta Coffee Option for the corresponding expiry month and
 - (ii) in respect of London Cocoa Calendar Spread Options, concurrent with the cessation of trading in the London Cocoa Option for the corresponding expiry month.
- (c) 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.
- (d) After the last trading time on the expiry date and unless instructions not to exercise have been given under Rule YYYYYY.4(c) 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 unless notice to abandon the option is provided to the Clearing House in accordance with Clearing House Procedures. 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). If an option is "out of the money" it will expire automatically unless an Exercise Notice is provided to the Clearing House in accordance with Clearing House Procedures. 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.

⁵ Amended 16 September 2019

YYYYYYY.5 ALLOCATION

- (a) Each Contract referred to in an Exercise Notice or exercised under Rule YYYYYY.4(d) shall be allocated by the Clearing House to a Seller of a Contract at the same Strike 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.

YYYYYYY.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.
 - (i) For one-month series Contracts, trading will not be permitted under these Contract Rules in the expiry month corresponding to the last available delivery month for the Underlying Futures Contract.
 - (ii) For two-month series Contracts, trading will not be permitted under these Contract Rules in expiry month corresponding to the last two available delivery months for the Underlying Futures Contract.
 - (iii) 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.

YYYYYYY.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.

YYYYYYY.8 ABANDONMENT

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

YYYYYYY.9 [NOT USED]

YYYYYYY.10 DEFAULT IN PERFORMANCE

- (a) A Buyer or a Seller shall be in default in performance where:

CONTRACT RULES: ICE FUTURES SOFT COMMODITY CALENDAR SPREAD OPTIONS CONTRACT

- (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.

YYYYYY.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 YYYYYY.10(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

CONTRACT RULES: ICE FUTURES SOFT COMMODITY CALENDAR SPREAD OPTIONS CONTRACT

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.