

# CONTRACT RULES: ICE FUTURES DUTCH TTF NATURAL GAS OPTIONS CONTRACT

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# KKK

## SECTION KKK - CONTRACT RULES: ICE FUTURES DUTCH TTF NATURAL GAS OPTIONS CONTRACT<sup>1</sup>

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<sup>1</sup> Inserted 20 February 2023

## KKK.1 SCOPE

The Rules in this Section KKK and in Sections I and LLL shall apply to Contracts for the ICE Futures Dutch TTF Natural Gas Options Contract.

Each option shall be a put option or a call option in respect of five or more lots for the product and contract month and at the strike price specified.

## KKK.2 DEFINITIONS

In the Contract Rules and Administrative Procedures the following terms shall bear the meanings set opposite them below, if not inconsistent with the subject or context:

“option”	a put option or a call option;
“put option”	a right upon the exercise of which the Buyer of the option becomes the Seller under a Futures Contract, and the Seller of the option becomes the Buyer under a Futures Contract;
“call option”	a right upon the exercise of which the Buyer of the option becomes the Buyer under a Futures Contract, and the Seller of the option becomes the Seller under a Futures Contract;
“strike price”	the price payable under the Futures Contract resulting from exercise of an option;
“in-the-money option”	an 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 current futures market price for the product and contract month;
“out-of-the-money option”	an option where the strike price is less (in the case of a put option) or is greater (in the case of a call option) than the current futures market price for the product and contract month;
“expiry date”	in respect of an option, the date when the option will, unless exercised, expire.

## KKK.3 STRIKE PRICE

- (a) The strike price shall, in the case of the ICE Futures Dutch TTF Natural Gas Options Contracts, be in multiples of euro per MWh, or such other multiple as may from time to time be prescribed by the Exchange.
- (b) In the case of the ICE Futures Dutch TTF Natural Gas Options Contracts:
  - (i) when options in respect of a contract month are available for trading for the first time forty one strike prices, or such greater number as may for the time being be determined by an authorised Exchange Official, will be listed of which one will be the nearest to the previous Trading Day’s official settlement price for the product and contract month with a further twenty or more above and twenty or more below that price.
  - (ii) prior to the commencement of trading each day, the strike price nearest to the previous day’s official settlement price for the product and contract month and the next twenty (or, at the discretion of an authorised Exchange Official, more than twenty) strike prices higher and the next twenty (or, at the discretion of an authorised Exchange Official, more than twenty) strike prices lower than that strike price, shall (unless they are already listed) be included in the listed strike prices.
  - (iii) During any Trading Day, an authorised Exchange Official may list one or more strike prices nearest to the last strike price listed for the product and the contract month.

- (d) Trading shall not be permitted at strike prices other than those listed for the relevant product and contract month.

#### **KKK.4 EXERCISE**

- (a) A Buyer may exercise an option for five or more lots on expiry of the relevant ICE Futures Dutch TTF Natural Gas Options Contract by giving to the Clearing House an exercise notice in respect thereof.
- (b) On the expiry date instructions to exercise or abandon an option may be given to the Clearing House in the case of the relevant ICE Futures Dutch TTF Natural Gas Options Contract no later than one hour after the cessation of trading in options of the relevant kind.
- (c) After the cessation of trading on the expiry date, in options of the relevant kind, and unless instructions to exercise or abandon an option have been given under paragraph (b) above, all options that are in-the-money options with reference to that day's intraday reference price for the relevant futures business will be automatically exercised. Exceptions to this provision may be made by the Clearing House's clearing procedures.
- (d) The exercise of an ICE Futures Dutch TTF Natural Gas Options Contract will give rise to a corresponding ICE Futures Dutch TTF Natural Gas Futures Contract between Buyer and Seller at the strike price of the option and in the relevant contract month.

#### **KKK.5 PREMIUM PAYMENT DUE SUBSEQUENT TO EXPIRY**

In the case of an ICE Futures Dutch TTF Natural Gas Options Contract, the traded premium is debited by the Clearing House from the account of the Buyer and credited to the account of the Seller after the expiry or the exercise of the option. The Clearing House will issue a statement of the premium paid or payable to or by it, as the case may be.

#### **KKK.6 PAYMENTS DUE SUBSEQUENT TO EXPIRY**

On the morning of the Trading Day following exercise of an ICE Futures Dutch TTF Natural Gas Options Contract, the Clearing House may call for cover for margin in respect of the resulting futures Contract.

#### **KKK.7 PREMIUM**

- (a) The premium for an option shall be in euro per MWh subject to a minimum fluctuation of 0.5 Euro cents per MWh.
- (b) In respect of each strike price of each ICE Futures Dutch TTF Natural Gas Options Contract and contract month, an official settlement premium will be established in accordance with section 2.5.2 of the Trading Procedures.

#### **KKK.8 ABANDONMENT**

An option may not be abandoned by the Buyer in advance of expiry.



