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**BY ELECTRONIC TRANSMISSION**

Submission No.10-30  
July 27, 2010

Mr. David A. Stawick  
Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

Re: **New Rules 8.60-8.70 and 9.60-9.70 Listing of Calendar Spread Options on Coffee "C"<sup>®</sup> and Cocoa Futures Contracts - Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulations 40.2 and 40.6, ICE Futures U.S., Inc. ("Exchange") submits, by written certification, new Rules 8.60 – 8.70 and 9.60 – 9.70, attached as Exhibits A and B, respectively. The new rules provide for the listing and trading of Calendar Spread Options on Coffee "C" and Cocoa Futures Contracts ("the Contracts").

The new rules are similar to Exchange Rules 10.70 – 10.80 and 11.40 – 11.50 which provide for Options on Futures Spreads Contracts for Cotton No. 2<sup>®</sup> and Sugar No. 11<sup>®</sup>, respectively, and which, in order to maintain consistency, have been renamed Calendar Spread Options on Cotton No. 2 and Sugar No. 11.

A put spread option represents an option to assume a short position in the first expiring or delivery month of the spread and a long position in the second expiring or delivery month of the spread. A call spread option represents an option to assume a long position in the first expiring or delivery month of the spread and a short position in the second expiring or delivery month of the spread. The term "Spread Price" is defined as the mathematical result of subtracting the price of the second delivery month of the underlying futures contract from the price of the first delivery month of the underlying futures contract. The term "Settlement Price" is defined as the mathematical result of subtracting the settlement price of the second delivery month of the underlying futures contract from the settlement price of the first delivery month of the underlying

futures contract. The last trading day is the same as the last trading day for the option of the first expiring month of the spread.

The speculative position limits that are applicable to the underlying futures and futures equivalent contracts will apply to the Contracts, i.e., Rules 6.17 and 6.18.

The Exchange will be listing the Contracts on July 30, 2010. Initially, only the One-Month and Two-Month series contracts for both Coffee "C" and Cocoa will be listed for trading.

In addition, because the President is in the best position to gauge customer demand and system capabilities, the Board has delegated to the President its authority to determine for all Calendar Spread Options Contracts, (i.e. Cotton No. 2, Sugar No. 11, Coffee "C" and Cocoa), which option month series to list for trading.

The Exchange certifies that the new rules and the listing and trading of the Contract comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder.

The new rules for Coffee "C" were adopted by the Exchange's Board of Directors on November 11, 2009; the new rules for Cocoa were adopted by the Exchange's Board of Directors on December 10, 2009; and the delegation of authority to the President to determine which option month series to list for trading was adopted by the Exchange's Board of Directors by Unanimous Written Consent on June 24, 2010 in accordance with Bylaw Section 4.7. No substantive opposing views were expressed by members or others with respect to the new rules and rules amendments.

If you have any questions or need further information, please contact me at [jill.fassler@theice.com](mailto:jill.fassler@theice.com) or 212-748-4084.

Sincerely,

Jill S. Fassler  
Vice President  
Associate General Counsel

cc: Division of Market Oversight  
New York Regional Office

**EXHIBIT A**

(In the text of the amendments below, additions are underlined.)

**CALENDAR SPREAD OPTIONS ON COFFEE "C" FUTURES**

**Rule 8.60. Scope of Chapter**

(a) A Transaction involving Options to enter into Coffee "C" Calendar Spread Futures Contracts on the Exchange shall be referred to as either a "Coffee Spread Option" or "KCSO".

(b) A Coffee Put Spread Option represents an Option to assume a short Position in the first (1<sup>st</sup>) expiring Coffee "C" Futures Contract in the spread and a long Position in the second (2<sup>nd</sup>) expiring Coffee "C" Futures Contract in the spread traded on the Exchange. A Coffee Call Spread Option represents an Option to assume a long Position in the first (1<sup>st</sup>) expiring Coffee "C" Futures Contract in the spread and a short Position in the second (2<sup>nd</sup>) expiring Coffee "C" Futures Contract in the spread traded on the Exchange.

(c) For the purposes of this Chapter, unless otherwise noted herein, the following terms shall have the following meanings:

(i) the term "Spread Price" shall mean the mathematical result of subtracting the price of the second (2<sup>nd</sup>) delivery month of the Underlying Futures Contract in the KCSO from the price of the first (1<sup>st</sup>) delivery month of the Underlying Futures Contract in the KCSO; and

(ii) the term "Settlement Spread Price" shall mean the mathematical result of subtracting the Settlement Price of the second (2<sup>nd</sup>) delivery month of the Underlying Futures Contract in the KCSO from the Settlement Price of the first (1<sup>st</sup>) delivery month of the Underlying Futures Contract in the KCSO.

**Rule 8.61. Option – Forms**

(a) All Coffee Call Spread Options shall be in the following form:

**COFFEE CALL SPREAD OPTION**

New York, N.Y. \_\_\_\_\_ 20 \_\_\_\_\_

\_\_\_\_\_ (the Grantor) hereby grants to \_\_\_\_\_ (the Purchaser) a spread Option to enter into one Coffee "C" futures spread on ICE Futures U.S. to purchase coffee for delivery in \_\_\_\_\_ (the first (1<sup>st</sup>) delivery month in the Option's Underlying Futures Contract of the spread) and to sell coffee for delivery in \_\_\_\_\_ (the second (2<sup>nd</sup>) delivery month in the Option's Underlying Futures Contract of the spread) at a Spread Price of \_\_\_\_\_ cents per pound (the Strike Price of the KCSO).

The Purchaser hereby agrees to pay a Premium of \$ \_\_\_\_\_ for this KCSO.

This KCSO is, and any Exchange Futures Contracts resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of ICE Futures U.S., of the Clearing Organization, and of any successor to either of them, as adopted or amended from time to time.

(b) All Coffee Put Spread Options shall be in the following form:

**COFFEE PUT SPREAD OPTION**

(the Grantor) hereby grants to (the Purchaser) a spread Option to enter into one Coffee "C" futures spread on ICE Futures U.S. to sell coffee for delivery in (the first (1<sup>st</sup>) delivery month of the Option's Underlying Futures Contract of the spread) and to buy for delivery in (the second (2<sup>nd</sup>) delivery month of the Option's Underlying Futures Contract of the spread) at a Spread Price of \_\_\_\_\_ cents per pound (the Strike Price of the KCSO).

The Purchaser hereby agrees to pay a Premium of \$ \_\_\_\_\_ for this KCSO.

This KCSO is, and any Exchange Futures Contracts resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of ICE Futures U.S., of the Clearing Organization, and of any successor to them, as adopted or amended from time to time.

(c) Coffee Spread Options shall not be transferred, assigned or otherwise disposed of other than on the Exchange, subject to the Rules of the Exchange and the Clearing Organization.

#### **Rule 8.62. Trading Months**

(a) Except as the Board may otherwise prescribe, expiration months of the Underlying Futures Contract which are eligible for listing with respect to Coffee Spread Options shall be: March, May, July, September and December.

(b) Except as the Board may otherwise prescribe, Coffee Spread Options shall be listed for trading as follows:

(i) **1 month series:** Each of the first four expiration months paired with its next successive expiration month;

(ii) **2 month series:** Each of the first three expiration months paired with its second successive expiration month;

(iii) **3 month series:** Each of the first two expiration months paired with its third successive expiration month;

(iv) **4 month series:** The first expiration month paired with its fourth successive expiration month; and

(v) **5 month series:** Each of the first five expiration months paired with its fifth successive expiration month.

(c) If trading has commenced in the Underlying Futures Contract, a new KCSO shall be listed as follows:

(i) with respect to the one month, two month, three month and four month series, a new KCSO shall be listed for trading on the first trading day following the expiration of a KCSO contained in the series; and

(ii) with respect to the five month series, a new KCSO shall be listed for trading on the first trading day following the first trading day for the far month related futures contract.

### **Rule 8.63. Last Trading Day**

The Last Trading Day for any KCSO series pair shall be the day as provided for in Coffee "C" Rule 8.52, as that day would apply to the Regular Option contract whose underlying futures contract is the first expiring delivery month in the pair.

### **Rule 8.64. Strike Prices**

(a) Trading shall only be conducted in a KCSO having a Strike Price determined in accordance with this Rule.

(b) The Strike Prices of a KCSO that is listed for trading shall be at levels which are at intervals of one-quarter cent per pound (\$.0025).

(c) Except as the Board or President may otherwise prescribe, a KCSO shall be listed for trading with particular prices for each KCSO as follows:

(i) At the time any KCSO is first listed for trading pursuant to Rule 8.62, they shall be listed with seven (7) one-quarter cent Strike Prices, as required in paragraph (b), each for Puts and Calls. The first (1<sup>st</sup>) one-quarter cent Strike Price shall be set at the prescribed level which is equal to the Settlement Spread Price for the underlying futures spread on the previous trading day, or if such Settlement Spread Price is not equal to any such prescribed level, then at the next prescribed level above such Settlement Spread Price. The other six (6) one-quarter cent Strike Prices shall be at each of the three (3) prescribed levels above and the three (3) prescribed levels below the first (1<sup>st</sup>) Strike Price.

(ii) Whenever the Strike Prices of a listed KCSO do not include the first (1<sup>st</sup>) prescribed one-quarter cent level above the Settlement Spread Price for the underlying futures spread on the previous trading day, or either of the three (3) one-quarter cent prescribed levels above or below such a level, they shall be listed for trading the following day.

(iii) Any listing of Striking Prices prescribed by the Board or President under this Rule shall be made effective upon adoption or as otherwise determined by the Board or the President.

(d) A KCSO shall be delisted if for ten (10) consecutive trading days no Transaction is executed, and there is no open position, in such KCSO; *provided however*, that no KCSO shall be so delisted if it has a Strike Price which is at the first (1<sup>st</sup>) one-quarter cent level above the Settlement Spread Price of the underlying futures spread on the previous trading day, or is at either of the three (3) prescribed one-quarter cent levels above or below such level as set forth in subparagraphs (c)(i) and (c)(ii); and provided further that no KCSO shall be delisted if there is a KCSO in another class with the same Strike Price that does not otherwise qualify for delisting.

### **Rule 8.65. Premium Quotations**

Premiums shall be quoted in cents and hundredths of a cent per pound. The minimum fluctuation in Premiums shall be \$.0001 per pound, except that Trades may occur at a price of \$1.00 per KCSO contract if such Trades result in the liquidation of Positions for both parties to the Trade.

#### **Rule 8.66. Obligations of KCSO Purchasers**

(a) The Purchaser which purchases a KCSO on the Floor of the Exchange shall cause such KCSO to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Purchaser which clears a KCSO shall pay in full the Premium to the Clearing Organization in accordance with the Clearing Organization Rules.

(c) The Purchaser of a KCSO shall, upon exercising such KCSO in accordance with the Rules, enter into Underlying Futures Contracts to buy the first (1<sup>st</sup>) delivery month in the KCSO and sell the second (2<sup>nd</sup>) delivery month in the KCSO (in the case of a Call) or to enter into Underlying Futures Contracts to sell the first (1<sup>st</sup>) delivery month in the KCSO and buy the second (2<sup>nd</sup>) delivery month of the KCSO (in the case of a Put), at a Spread Price equal to the Strike Price specified in such KCSO; *provided, however*, that any such contracts entered into upon exercise shall be entered into the account of the Person having purchased the KCSO.

(d) Futures contracts entered into by the Purchaser of a KCSO, as provided for in paragraph (c) herein, shall have prices assigned to those futures contracts in the following manner:

(i) The first (1<sup>st</sup>) delivery month futures contract shall be assigned the price equal to the Settlement Price for that month on the day of exercise; and

(ii) The second (2<sup>nd</sup>) delivery month futures contract shall be assigned the price that is the mathematical result of the first (1<sup>st</sup>) delivery month futures contract Settlement Price, as provided for in subparagraph (d)(i) herein, minus the Spread Price specified in such KCSO.

#### **Rule 8.67. Obligations of KCSO Grantors**

(a) The Grantor which grants a KCSO on the Floor of the Exchange shall cause such KCSO to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Grantor of a KCSO shall make such Margin deposits as the Clearing Organization may require.

(c) The Grantor of a KCSO shall, upon being assigned an Exercise Notice in accordance with the Clearing Organization Rules, enter into Underlying Futures Contracts to sell the first (1<sup>st</sup>) delivery month of the KCSO and buy the second (2<sup>nd</sup>) delivery month of a KCSO (in the case of a Call) or to enter into Underlying Futures Contracts to buy the first (1<sup>st</sup>) delivery month of the KCSO and sell the second (2<sup>nd</sup>) delivery month in the KCSO (in the case of a Put), at a Spread Price equal to the Strike Price specified in such KCSO; *provided, however*, that any such contracts entered into upon assignment of an Exercise Notice shall be entered into for the account of the Person having granted the KCSO.

(d) Futures contracts entered into by the Grantor of a KCSO, as provided for in paragraph (c) herein, shall have prices assigned to those futures contracts in the following manner:

(i) The first (1<sup>st</sup>) delivery month futures contract shall be assigned the price equal to the Settlement Price for that month on the day of exercise; and

(ii) The second (2<sup>nd</sup>) delivery month futures contract shall be assigned the price that is the mathematical result of the first (1<sup>st</sup>) delivery month futures contract Settlement Price, as provided for in subparagraph (d)(i) herein, minus the Spread Price specified in such KCSO.

#### **Rule 8.68. Effect of Clearance**

Upon acceptance of a KCSO by the Clearing Organization, the Clearing Organization shall be substituted as, and assume the position of the Purchaser to the Clearing Member which is the Grantor and the position of the Grantor to the Clearing Member which is the Purchaser; and thereupon the Clearing Organization shall have all the rights and obligations with respect to such KCSO as the parties for which it is substituted.

#### **Rule 8.69. Expiration and Exercise of KCSOs**

(a) The Purchaser must receive from its Customer which intends to exercise a KCSO on the Last Trading Day, notification of such intention not later than 3:00 p.m. on such day. In order for a Purchaser to exercise a KCSO for its own account on the Last Trading Day it must have done so or have made a determination to do so not later than 3:00 p.m. on such day. The Purchaser must make and maintain a record of all notices received and all determinations made pursuant to this Rule, and such record must show by time stamp or otherwise the date and time of receipt or making.

(b) The Purchaser of a KCSO may exercise such KCSO on any Business Day by giving an Exercise Notice, in the form prescribed by the Clearing Organization, to the Clearing Organization no later than 5:00 p.m. Such notice shall be effective upon the opening of Coffee "C" futures trading on the Business Day following the day of receipt by the Clearing Organization. An Exercise Notice with respect to a KCSO purchased on the day such notice is given shall not be effective unless such KCSO has been accepted by the Clearing Organization. An Exercise Notice which is given with respect to a KCSO which is not accepted by the Clearing Organization shall be deemed withdrawn by the Purchaser.

(c) If an Exercise Notice is given, the Purchaser shall deposit Original Margin for the Underlying Futures Contract with the Clearing Organization at such time as may be required by the Clearing Organization.

(d) Upon exercise of each KCSO, notification thereof shall be given to the KCSO Grantor.

#### **Rule 8.70. Automatic Exercise Levels**

After the close on the Last Trading Day in the Coffee Spread Options Contract, the Clearing Organization will automatically exercise any open long KCSO that has a Striking Price below (in the case of a Call) or above (in the case of a Put) the Settlement Spread Price of the Underlying Futures Contracts on that day by an amount which equals or exceeds the minimum price increment permitted under the Rules for the Underlying Futures Contract, unless, before 5:00 p.m. the Last Trading Day, the Clearing Member carrying such KCSO gives the Clearing Organization written instructions that any such KCSO is to expire unexercised.

## EXHIBIT B

(In the text of the amendments below, additions are underlined.)

### CALENDAR SPREAD OPTIONS ON COCOA FUTURES

#### Rule 9.60. Scope of Chapter

(a) A Transaction involving Options to enter into Cocoa Calendar Spread Futures Contracts on the Exchange shall be referred to as either a "Cocoa Spread Option" or "CCSO".

(b) A Cocoa Put Spread Option represents an Option to assume a short Position in the first (1<sup>st</sup>) expiring Cocoa Futures Contract in the spread and a long Position in the second (2<sup>nd</sup>) expiring Cocoa Futures Contract in the spread traded on the Exchange. A Cocoa Call Spread Option represents an Option to assume a long Position in the first (1<sup>st</sup>) expiring Cocoa Futures Contract in the spread and a short Position in the second (2<sup>nd</sup>) expiring Cocoa Futures Contract in the spread traded on the Exchange.

(c) For the purposes of this Chapter, unless otherwise noted herein, the following terms shall have the following meanings:

(i) the term "Spread Price" shall mean the mathematical result of subtracting the price of the second (2<sup>nd</sup>) delivery month of the Underlying Futures Contract in the CCSO from the price of the first (1<sup>st</sup>) delivery month of the Underlying Futures Contract in the CCSO; and

(ii) the term "Settlement Spread Price" shall mean the mathematical result of subtracting the Settlement Price of the second (2<sup>nd</sup>) delivery month of the Underlying Futures Contract in the CCSO from the Settlement Price of the first (1<sup>st</sup>) delivery month of the Underlying Futures Contract in the CCSO.

#### Rule 9.61. Option – Forms

(a) All Cocoa Call Spread Options shall be in the following form:

##### COCOA CALL SPREAD OPTION

New York, N.Y. \_\_\_\_\_ 20

\_\_\_\_\_ (the Grantor) hereby grants to \_\_\_\_\_ (the Purchaser) a spread Option to enter into one Cocoa futures spread on ICE Futures U.S. to purchase Cocoa for delivery in \_\_\_\_\_ (the first (1<sup>st</sup>) delivery month in the Option's Underlying Futures Contract of the spread) and to sell Cocoa for delivery in \_\_\_\_\_ (the second (2<sup>nd</sup>) delivery month in the Option's Underlying Futures Contract of the spread) at a Spread Price of \_\_\_\_\_ dollars per metric ton (the Strike Price of the CCSO).

The Purchaser hereby agrees to pay a Premium of \$ \_\_\_\_\_ for this CCSO.

This CCSO is, and any Exchange Futures Contracts resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of ICE Futures U.S., of the Clearing Organization, and of any successor to either of them, as adopted or amended from time to time.

(b) All Cocoa Put Spread Options shall be in the following form:

##### COCOA PUT SPREAD OPTION

New York, N.Y. \_\_\_\_\_ 20





#### **Rule 9.64. Strike Prices**

(a) Trading shall only be conducted in a CCSO having a Strike Price determined in accordance with this Rule.

(b) The Strike Prices of a CCSO that is listed for trading shall be at levels which are at intervals of ten dollars per metric ton (\$10.00).

(c) Except as the Board or President may otherwise prescribe, a CCSO shall be listed for trading with particular prices for each CCSO as follows:

(i) At the time any CCSO is first listed for trading pursuant to Rule 9.62, they shall be listed with seven (7) one-quarter cent Strike Prices, as required in paragraph (b), each for Puts and Calls. The first (1<sup>st</sup>) ten dollar (\$10) Strike Price shall be set at the prescribed level which is equal to the Settlement Spread Price for the underlying futures spread on the previous trading day, or if such Settlement Spread Price is not equal to any such prescribed level, then at the next prescribed level above such Settlement Spread Price. The other six (6) ten dollar (\$10) Strike Prices shall be at each of the three (3) prescribed levels above and the three (3) prescribed levels below the first (1<sup>st</sup>) Strike Price.

(ii) Whenever the Strike Prices of a listed CCSO do not include the first (1<sup>st</sup>) prescribed ten dollar (\$10) level above the Settlement Spread Price for the underlying futures spread on the previous trading day, or either of the three (3) ten dollar (\$10) prescribed levels above or below such a level, they shall be listed for trading the following day.

(iii) Any listing of Striking Prices prescribed by the Board or President under this Rule shall be made effective upon adoption or as otherwise determined by the Board or the President.

(d) A CCSO shall be delisted if for ten (10) consecutive trading days no Transaction is executed, and there is no open position, in such CCSO; *provided however*, that no CCSO shall be so delisted if it has a Strike Price which is at the first (1<sup>st</sup>) ten dollar (\$10) level above the Settlement Spread Price of the underlying futures spread on the previous trading day, or is at either of the three (3) prescribed ten dollar (\$10) levels above or below such level as set forth in subparagraphs (c)(i) and (c)(ii); and provided further that no CCSO shall be delisted if there is a CCSO in another class with the same Strike Price that does not otherwise qualify for delisting.

#### **Rule 9.65. Premium Quotations**

Premiums shall be quoted in dollars per metric ton. The minimum fluctuation in Premiums shall be \$1.00 per metric ton, except that Trades may occur at a price of \$1.00 per CCSO contract if such Trades result in the liquidation of Positions for both parties to the Trade.

#### **Rule 9.66. Obligations of CCSO Purchasers**

(a) The Purchaser which purchases a CCSO on the Floor of the Exchange shall cause such CCSO to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Purchaser which clears a CCSO shall pay in full the Premium to the Clearing Organization in accordance with the Clearing Organization Rules.

(c) The Purchaser of a CCSO shall, upon exercising such CCSO in accordance with the Rules, enter into Underlying Futures Contracts to buy the first (1<sup>st</sup>) delivery month in the CCSO and sell the second

(2<sup>nd</sup>) delivery month in the CCSO (in the case of a Call) or to enter into Underlying Futures Contracts to sell the first (1<sup>st</sup>) delivery month in the CCSO and buy the second (2<sup>nd</sup>) delivery month of the CCSO (in the case of a Put), at a Spread Price equal to the Strike Price specified in such CCSO; *provided, however,* that any such contracts entered into upon exercise shall be entered into the account of the Person having purchased the CCSO.

(d) Futures contracts entered into by the Purchaser of a CCSO, as provided for in paragraph (c) herein, shall have prices assigned to those futures contracts in the following manner:

(i) The first (1<sup>st</sup>) delivery month futures contract shall be assigned the price equal to the Settlement Price for that month on the day of exercise; and

(ii) The second (2<sup>nd</sup>) delivery month futures contract shall be assigned the price that is the mathematical result of the first (1<sup>st</sup>) delivery month futures contract Settlement Price, as provided for in subparagraph (d)(i) herein, minus the Spread Price specified in such CCSO.

#### **Rule 9.67. Obligations of CCSO Grantors**

(a) The Grantor which grants a CCSO on the Floor of the Exchange shall cause such CCSO to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Grantor of a CCSO shall make such Margin deposits as the Clearing Organization may require.

(c) The Grantor of a CCSO shall, upon being assigned an Exercise Notice in accordance with the Clearing Organization Rules, enter into Underlying Futures Contracts to sell the first (1<sup>st</sup>) delivery month of the CCSO and buy the second (2<sup>nd</sup>) delivery month of a CCSO (in the case of a Call) or to enter into Underlying Futures Contracts to buy the first (1<sup>st</sup>) delivery month of the CCSO and sell the second (2<sup>nd</sup>) delivery month in the CCSO (in the case of a Put), at a Spread Price equal to the Strike Price specified in such CCSO; *provided, however,* that any such contracts entered into upon assignment of an Exercise Notice shall be entered into for the account of the Person having granted the CCSO.

(d) Futures contracts entered into by the Grantor of a CCSO, as provided for in paragraph (c) herein, shall have prices assigned to those futures contracts in the following manner:

(i) The first (1<sup>st</sup>) delivery month futures contract shall be assigned the price equal to the Settlement Price for that month on the day of exercise; and

(ii) The second (2<sup>nd</sup>) delivery month futures contract shall be assigned the price that is the mathematical result of the first (1<sup>st</sup>) delivery month futures contract Settlement Price, as provided for in subparagraph (d)(i) herein, minus the Spread Price specified in such CCSO.

#### **Rule 9.68. Effect of Clearance**

Upon acceptance of a CCSO by the Clearing Organization, the Clearing Organization shall be substituted as, and assume the position of the Purchaser to the Clearing Member which is the Grantor and the position of the Grantor to the Clearing Member which is the Purchaser; and thereupon the Clearing Organization shall have all the rights and obligations with respect to such CCSO as the parties for which it is substituted.

#### **Rule 9.69. Expiration and Exercise of CCSOs**

(a) The Purchaser must receive from its Customer which intends to exercise a CCSO on the Last Trading Day, notification of such intention not later than 3:00 p.m. on such day. In order for a Purchaser to exercise a CCSO for its own account on the Last Trading Day it must have done so or have made a determination to do so not later than 3:00 p.m. on such day. The Purchaser must make and maintain a record of all notices received and all determinations made pursuant to this Rule, and such record must show by time stamp or otherwise the date and time of receipt or making.

(b) The Purchaser of a CCSO may exercise such CCSO on any Business Day by giving an Exercise Notice, in the form prescribed by the Clearing Organization, to the Clearing Organization no later than 5:00 p.m. Such notice shall be effective upon the opening of Cocoa futures trading on the Business Day following the day of receipt by the Clearing Organization. An Exercise Notice with respect to a CCSO purchased on the day such notice is given shall not be effective unless such CCSO has been accepted by the Clearing Organization. An Exercise Notice which is given with respect to a CCSO which is not accepted by the Clearing Organization shall be deemed withdrawn by the Purchaser.

(c) If an Exercise Notice is given, the Purchaser shall deposit Original Margin for the Underlying Futures Contract with the Clearing Organization at such time as may be required by the Clearing Organization.

(d) Upon exercise of each CCSO, notification thereof shall be given to the CCSO Grantor.

#### **Rule 9.70. Automatic Exercise Levels**

After the close on the Last Trading Day in the Cocoa Spread Options Contract, the Clearing Organization will automatically exercise any open long CCSO that has a Striking Price below (in the case of a Call) or above (in the case of a Put) the Settlement Spread Price of the Underlying Futures Contracts on that day by an amount which equals or exceeds the minimum price increment permitted under the Rules for the Underlying Futures Contract, unless, before 5:00 p.m. the Last Trading Day, the Clearing Member carrying such CCSO gives the Clearing Organization written instructions that any such CCSO is to expire unexercised.