

## NOTICE

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### Summary of Content:

Change to RL levels for all option contracts.

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### **Changes to Option Contract Reasonability Limit Levels**

**Effective with the start of trading for trade date Monday, July 16, 2012**, the Exchange will implement revisions to Reasonability Limit ("RL") levels for Sugar No. 11<sup>®</sup>, Cotton No. 2<sup>®</sup>, Coffee "C"<sup>®</sup>, Cocoa, FCOJ, Russell Index and USD<sup>®</sup> options contracts. The new schedule of option contracts No Cancellation ("NCR") and RL levels is shown below; no changes are being made to NCR levels at this time.

The new RL levels provide that the RL for a given option (including outright options, option combination transactions and hedged options) will be equal to three times the NCR for the option. Prior to this change, the RL is calculated as 20% of the fair value of the option, subject to specified minimum and maximum RL levels.

A complete listing of current No Cancellation Ranges and Reasonability Limit levels for all futures and options contracts and of CSLOR levels for all futures contracts can be found at:

[https://www.theice.com/publicdocs/futures\\_us/no\\_cancellation\\_range\\_and\\_reasonability\\_limits.pdf](https://www.theice.com/publicdocs/futures_us/no_cancellation_range_and_reasonability_limits.pdf).

To receive a copy of the Appendix I of Rule Chapter 27 showing additions and deletions, please contact the Legal Department at 212 748-4082. A copy of current Rule Chapter 27 can be found at:

[https://www.theice.com/publicdocs/rulebooks/futures\\_us/27\\_Electronic\\_Trading\\_Rules.pdf](https://www.theice.com/publicdocs/rulebooks/futures_us/27_Electronic_Trading_Rules.pdf).

| No-Cancellation Range for Screen-Traded Options ("NCR")<br>Effective July 14, 2012   |         |          |         |          |         |          |                   |          |
|--|---------|----------|---------|----------|---------|----------|-------------------|----------|
| Theoretical Value  | Cotton  | FCOJ     | Cocoa   | Coffee   | Sugar   | USDX     | Theoretical Value | Russell  |
| .01 - .20  | .20 pts | .20 pts  | .10 pts | .15 pts  | .10 pts | .100 pts | .01 - .50         | .25 pts  |
| .21 - 2.00   | .40 pts | .75 pts  | 20 pts  | .50 pts  | .15 pts | .150 pts | .51 - 5.00        | .50 pts  |
| 2.01 - 5.00  | .50 pts | 1.00 pts | 25 pts  | .75 pts  | .20 pts | .200 pts | 5.01 - 10.00      | 1.00 pts |
| 5.01 - 10.00   | .60 pts | 1.50 pts | 25 pts  | 1.00 pts | .25 pts | .250 pts | 10.01 - 25.00     | 1.50 pts |
| 10.01 - above  | .80 pts | 2.00 pts | 25 pts  | 1.00 pts | .25 pts | .250 pts | 25.01 - above     | 2.00 pts |
| Reasonability Limit  | 3 x NCR | 3 x NCR  | 3 x NCR | 3 x NCR  | 3 x NCR | 3 x NCR  |                   | 3 x NCR  |
| * Note that for Cocoa options (which do not trade in decimal points) the respective Theoretical Value Ranges are 1-20 points, 21-200 points, 201 to 500 points, 501 to 1000 points and 1001 points and above.  |         |          |         |          |         |          |                   |          |
| NCR and Reasonability Limits are for both outright options and User Defined Spread trades, including hedged trades; for purposes of NCR and RL levels, UDS and hedged UDS trades are treated as a package and not by the individual legs of the UDS. |         |          |         |          |         |          |                   |          |
| In the case of price adjustment, Market Supervision will adjust to fair value minus/plus NCR.  |         |          |         |          |         |          |                   |          |