

Notice: 01/2005
Issued: 1st June 2005

<p style="text-align: center;">AMENDMENTS TO THE RULEBOOK FOR TRADING AT IMAREX AND CLEARING WITH NOS.</p>

The following amendments have been made in the Rulebook and appendix 5 due to the introduction of Option Contracts. The changes are only related to Option Contracts, and Members not trading options are not affected by the changes.

The amendments will take effect from 1st June 2005.

I. Rulebook

1.2.6 Old:
The Product Specifications in Appendix 5 set out more detailed terms for each Listed Product.

New:
The Product Specifications in Appendix 5 set out more detailed terms for each ~~Listed~~ Product.

1.3 New:
[“Early Termination”](#)
[means an at-random termination of an Option Contract in the event that a Clearing Member is a Defaulter and NOS is not able to enter into Close-Out Contracts for Option Contracts, triggering a Premium Settlement according to the Product Specification.](#)

New:
[“Exercise”](#)
[the exercising of the Buyer’s rights under an Option Contract to receive Exercise Settlement.](#)

New:

“Exercise Price”

the price agreed between the Buyer and Seller of an Option Contract to be applied in Exercise Settlement.

New:

“Exercise Settlement”

the settlement between the Buyer and the Seller of an Option Contract for the difference between the Exercise Price and the Settlement Price in accordance with Clause 5.7.1.

Old:

“Freight Match”

IMAREX's electronic trading system for trading in Listed Products.

New:

~~“Freight Match”~~ “Trayport”

IMAREX's electronic trading system for trading in Listed Products.

NOTE: “Freight Match” is replaced by “Trayport” in all Clauses throughout the Rulebook where “Freight Match” was previously used.

New:

“Futures Contract”

financial freight Contract which entitles the Seller and Buyer to Mark-to-Market Settlement and Delivery Period Settlement in accordance with the Product Specification.

New:

“Option Contract”

financial freight Contract which entitles (obligates) the Seller (Buyer) to receive (pay) Premium Settlement and obligates (entitles) the Seller (Buyer) to pay (receive) Exercise Settlement in accordance with the Product Specification and consisting of call options and put options respectively.

New:

“Premium”

the consideration payable by the Buyer to the Seller when entering into an Option Contract.

New:

“Premium Settlement”

the settlement of the Premium as organised by NOS.

5.3.3

Old:

NOS shall on each Settlement Day:

- (a) perform Mark-to-Market Settlement and Delivery Period Settlement in respect of each Contract to which a Clearing Member is party;
- (b) aggregate the settlement values of all Contracts arising from Mark-to-Market Settlement and Delivery Period Settlement to which such Clearing Member is party to give a net settlement amount; and
- (c) set-off net settlement amounts for each Clearing Account of such Clearing Member.

New:

NOS shall on each Settlement Day:

- (a) perform Mark-to-Market Settlement and Delivery Period Settlement in respect of each [Futures](#) Contract to which a Clearing Member is party;
- ~~(b) aggregate the settlement values of all Contracts arising from Mark-to-Market Settlement and Delivery Period Settlement to which such Clearing Member is party to give a net settlement amount; and~~
- (b) [perform Premium Settlement and Exercise Settlement in respect of each Option Contract to which a Clearing Member is party;](#)
- ~~(c) set off net settlement amounts for each Clearing Account of such Clearing Member.~~

5.3.4

Old:

The net settlement amounts calculated in accordance with Clause 5.4.3 shall be binding on the Clearing Member upon being reported to the Clearing Member by NOS.

New:

[NOS shall without prejudice to its more extensive rights under 5.2.4 with respect to Clearing Members with several Clearing Accounts, aggregate and off-set settlements values arising from Mark-to-Market Settlement, Delivery Period Settlement, Premium Settlement and Exercise Settlement due each Settlement Day to a net settlement amount for each Clearing Account.](#) The net settlement amounts calculated in accordance with [this](#) Clause ~~5.4.3~~ 5.3.4 shall be binding on the Clearing Member upon being reported to the Clearing Member by NOS.

~~5.4.6 NOS shall calculate all amounts owing between it and a Clearing Member arising under this Clause as net by adding up and setting off all amounts payable by or due to a Clearing Member, and such net sum shall be included in the aggregate settlement amount for each Settlement Day in accordance with Clause 5.3.4.~~

~~5.5.3 Delivery Period Settlement in respect of each Contract to which a Clearing Member is party shall be calculated net for each Clearing Account by adding up and setting off all amounts payable by or due to the Clearing Member, and shall be included in the aggregate settlement amount on the relevant Settlement Day in accordance with Clause 5.3.4.~~

5.6 Premium Settlement

5.6.1 New:
The Buyer shall pay the Seller the Premium for an Option Contract on the premium Settlement Day designated in the Product Specification. NOS shall calculate and perform Premium Settlement in accordance with the Product Specification.

5.7 Exercise Settlement

5.7.1 New:
On the Final Settlement Day designated in the Product Specification NOS shall for all open positions calculate and perform the following Exercise Settlement:

- (a) For a call Option, the Seller shall pay the Buyer the positive difference calculated as the Settlement Price less the Exercise Price.
- (b) For a put Option, the Seller shall pay the Buyer the positive difference calculated as the Exercise Price less the Settlement Price.

5.7 and 5.8 Old 5.6 becomes 5.7 and commencing

7.4 Early Termination of Option Contracts

7.4.1 New:

If NOS is not able to effect Close-out Contracts of Option Contracts for all or some of the Defaulter’s Option Contracts according to Clauses 7.3.1 or 7.3.2, NOS may effect Early Termination according to this Clause.

7.4.2 New:

Clearing Members who hold opposite positions in Option Contracts bought or sold by the Defaulter, may be subject to Early Termination of Option Contracts for whole or part of the positions at an early termination Premium calculated by NOS according to the Product Specification. NOS shall in this event at random select Buyer(s) or Seller(s) in the relevant Option Contracts for termination of their Option Contracts, and organise and perform Premium Settlement as provided for in the Product Specification.

7.4.3 A Member who is selected for Early Termination, shall be informed immediately following the decision by NOS to effect Early Termination through oral and written electronic or facsimile communication to the Responsible Person. Information is considered delivered by NOS upon attempt to contact the Responsible Person by phone and sending written information.

7.4 Old 7.4 becomes 7.5 and commencing

Futures Contract As the Rulebook previously only covered futures contracts the word Contract in many cases were used to mean futures contract. However the introduction of option contracts has made it necessary to distinguish between options and futures. We have therefore made precisions in the Rulebook, introducing the word “Futures” in many Clauses. This does not however represent a material change to the Clauses themselves.

Appendix 5 Product Specification

Clause 1.2: New

“Ticker”

means identification of the Contract. For Futures Contracts the Ticker shall consist of the Underlying Product and the Delivery Period. For Option Contracts the Ticker shall consist of the Underlying Product, the Delivery Period, the Option Type and the Exercise Price.

Clause 2.2: Old:

Each Contract shall be for the sale and purchase of one or more lots for the Delivery Period specified in relation to a Product. IMAREX may establish a minimum lot size for transactions in a Product.

New:

Each Futures Contract shall be for the sale and purchase of one or more lots for the Delivery Period specified in relation to an Underlying Product. ~~Each Option Contract shall be a Call Option or a Put Option on one or more lots for the Delivery Period specified in relation to an Underlying Product.~~ IMAREX may establish a minimum lot size for transactions in a Product.

Clause 5.2 New:

NOS shall calculate the Closing Price for each option Product each Trading Day including the Final Settlement Day using a recognised option pricing formula.

Clause 5.3 Old 5.2 becomes 5.3

Clause 7: New:

If NOS is not able to effect Close-out Contracts of Option Contracts for all or some of the Defaulter's Option Contracts according to Clauses 7.3.1 or 7.3.2 in the Rulebook, NOS may effect Early Termination according to Clause 7.4 in the Rulebook. NOS shall in an event of Early Termination at random select Buyer(s) or Seller(s) in the relevant Option Contracts for termination of their Option Contracts. NOS will select in increments of 5 lots until the Defaulter's position is closed out. The selection is with replacement, so one Clearing Member can be selected more than once.

New New:

Annex 5D to Non-Listed Product IMAREX Asian Freight Options Appendix 5

Annex 5D Old Annex 5D becomes new Annex 5E