

**CX FUTURES EXCHANGE, L.P.**  
**CHAPTER IX**  
**CONTRACTS**

...

**IX-3001. ATLANTIC NAMED STORM SWAPS**

**(a) Scope and Underlying**

(i) These Contract Rules will govern the trading on the CX Futures Exchange, L.P. (the “Exchange”) of the ATLANTIC NAMED STORM SWAPS CONTRACT (“ANS Contract”). In general, the ANS Contract is a swap that will settle upon a Qualifying Terminating Condition and will pay a fixed dollar amount per contract to any long position holder within the Impacted Zip Code Area or, if there was no Impacted Zip Code Area, then a fixed dollar amount per contract to long position holders of Strike Code “00000,” and nothing to all other contract holders for that ANS Contract.

(ii) Clearing of the ANS Contract will be governed by the rules of the CX Clearinghouse, L.P. (the “Clearinghouse”). These Contract Rules are established pursuant to and constitute “Contract Specifications” under Rule IX-1 of the Rules of the Exchange and constitute “Contract Rules” Under Rule I-7 of the Rules of the Clearinghouse. Capitalized terms used, but not defined herein, have the meanings ascribed to them in the Rules of the Exchange or the Rules of the Clearinghouse, as applicable.

**(b) Primary Trading Period**

(i) Immediately after an ANS Contract is listed, a Primary Trading Period will commence. During this period, Participants will be able to purchase contracts through the Exchange for the price of \$1.00 per contract by placing Original Margin on deposit equal to the maximum at-risk amount, \$1.00 per contract and by specifying the Ticker Symbol and Strike Code of the contracts to be purchased.

(ii) No cancelation of bids during the Primary Trading Period, once accepted by the Exchange, is permitted.

(iii) At the end of the Primary Trading Period, as provided in Rule IX-3001(g)(iv) below, the Exchange will post (A) the aggregate number of contracts purchased during the Primary Trading Period (the “Primary Contract Volume”); (B) the Primary Contract Volume for each Strike Code; and (C) the maximum and minimum Final Settlement Price by Strike Code based upon the distribution of volume by Strike Code during the Primary Trading Period.

(iv) For the avoidance of doubt, short positions cannot be obtained during the Primary Trading Period.

**(c) Secondary Trading Period**

(i) For Contracts that are listed after January 1, 2019, a Secondary Trading Period will begin as provided in Rule IX-3001(g)(v) and Participant buy and sell orders will be

executed on the CX System according to Rule IV-7. For the avoidance of doubt, Contracts listed before January 1, 2019 will not have a Secondary Trading Period as provided in this Rule IX-3001(c).

(ii) Sales made by a Participant during the Secondary Trading Period will offset a Participant's long positions obtained during the Primary Trading Period on a FIFO basis. Such sales do not modify the Primary Contract Volume determined in Rule IX-3001(b)(iii).

(iii) A Participant may obtain a net short position during the Secondary Trading Period. All such net short positions will be margined as provided in Rule IX-3001(l)(iii). Such short positions do not modify the Primary Contract Volume determined in Rule IX-3001(b)(iii).

**(d) Determination of Qualifying Terminating Condition**

(i) The Exchange is solely responsible for determining the occurrence and location of a Qualifying Terminating Condition ("QTC") relying primarily on Public Advisories published on the website [www.nhc.noaa.gov](http://www.nhc.noaa.gov) and issued by NOAA's National Hurricane Center ("NHC"). The Exchange makes no warranties with respect to the accuracy or completeness of the NHC's advisory and in its discretion may use other approved public or private weather reporting sources to determine the location of a QTC when doing so is in the best interest of the marketplace. The Exchange shall document the information on which it declares a QTC.

(ii) A QTC will have occurred anytime the NHC or, as necessary, any other approved public or private weather reporting source reports that an Atlantic named storm has made landfall at a latitude and longitude ("Landfall Location") listed in Table 1 (an "On-shore QTC") or will no longer be tracked as a named storm or is not forecast by any approved source to have a potential Landfall Location listed in Table 1 (an "Off-shore QTC").

(iii) If a QTC as defined in Rule IX-3001(d)(ii) above has not occurred for any listed contract by November 30<sup>th</sup> of the respective calendar year, then all such listed and open contracts for that calendar year will have their QTCs on the first Business Day after November 30<sup>th</sup> on which there is no named storm active in the Atlantic basin. Such a QTC is deemed an "Off-shore QTC" for the purposes of Rule IX-3001(e).

(iv) All QTCs will be published on the Exchange website and will include named storm, date and time of the QTC, the Landfall Location, and whether such QTC was an On-shore Storm or Off-shore Storm.

(v) For the avoidance of doubt, the first QTC of any listed contract will result in the termination of trading for that contract.

**(e) Final Settlement and Determination of the Impacted Zip Code Area**

(i) If an On-shore QTC occurs for a contract, immediately thereafter, the Exchange will determine the Impacted ZIP Code Area by looking up the Landfall Location of the QTC in Table 1 and identifying the corresponding Impacted ZIP Code Area. If the Primary Contract Volume that is within the Impacted ZIP Code Area is greater than zero, then the Final Settlement Price for Strike Codes that are within the Impacted ZIP Code Area shall equal the Primary Contract Volume divided by the Primary Contract Volume that is within the Impacted

ZIP Code Area times \$1.00 and rounded down to the nearest \$0.01; all other Strike Codes for that contract will have a Final Settlement Price of zero dollars, or

(ii) Alternatively, if either an Off-shore QTC occurs for that contract or the Primary Contract Volume within the Impacted ZIP Code Area of an On-shore QTC for that contract is zero, then the Final Settlement Price for Strike Code “00000” shall equal the Primary Contract Volume divided by the Primary Contract Volume for Strike Code “00000” times \$1.00 and rounded down to the nearest \$0.01; all other Strike Codes will have a Final Settlement Price of zero dollars.

(iii) Final Settlement of all open positions in each ANS Contract will occur after each QTC not later than the end of the first Business Day following the QTC. For the avoidance of doubt, Final Settlement will result in a payment to Participants equal to the collateral collected for each open contract plus, for long open positions, the Final Settlement Price less the original purchase price, or for short open positions, the original purchase price less the Final Settlement Price.

**(f) Ticker Symbols**

Each ANS Contract will be identified as “WXANSyy@” where “yy” shall correspond to the two-digit year and “@” shall be the ANS Contract’s upper-case alphabetical designator, which shall be consistent with the alphabetical designator as determined by the World Meteorological Association and posted on the NHC’s website. Specifically, the first ANS Contract for the 2018 season shall be listed as WXANS18A, the second ANS Contract for the season shall be listed as WXANS18B, etc. If more than 21 storms are listed, then “@” shall be the lower-case alphabetical designator in sequence (e.g. “WXANS18a” would correspond to the “Alpha” storm).

**(g) First Listing Day, Primary and Secondary Trading Periods, Termination of Trading**

(i) The First Listing Day for contracts on the first three named storms in the sequence (“A”, “B”, “C”) shall be the first Monday in January that is also a Business Day of each calendar year.

(ii) The First Listing Day for contracts on subsequently named storms in the sequence shall be 6:30 PM ET of the next Business Day following the naming by the NHC of a previously listed storm, provided that such naming occurs on or before September 30<sup>th</sup> of the calendar year. For example, when NHC announces that the “A” storm has formed, the Exchange shall list a contract on the “D” storm at 6:30 PM ET of the following Business Day, and so on, through September 30<sup>th</sup> of the calendar year.

(iii) After September 30<sup>th</sup> of the calendar year additional named storms in the sequence shall be listed if, and only if, contracts on all listed storms have already been named and the NHC has designated an investigative area (so called “INVEST” area) or its equivalent in the Atlantic basin. For example, if the Exchange has listed named storms through the letter “L” then, after September 30<sup>th</sup>, a contract for the “M” storm will only be listed once the NHC has named storms through the letter “L” and a subsequent Atlantic basin INVEST area or its equivalent has been designated by NHC. Similarly, a contract for the “N” storm will only be listed after the “M” storm is named and a new INVEST area or its equivalent is designated.

(iv) The Primary Trading Period begins upon the listing of each ANS Contract and continues until 4:00 PM ET on the First Trading Day that follows the naming of the corresponding named storm.

(v) For Contracts listed before January 1, 2019, there shall only be a Primary Trading Period. Termination of Trading for such contracts will be at the end of the Primary Trading Period.

(vi) For Contracts listed after January 1, 2019, both a Primary and Secondary Trading Period will be available. Following the conclusion of the Primary Trading Period, the Secondary Trading Period will commence on that same day beginning at 6:30 PM ET.

(vii) The Termination of Trading for each ANS Contract listed after January 1, 2019 shall be upon a QTC that corresponds with the ANS Contract.

#### **(h) Trading Days and Trading Hours**

(i) Except as otherwise posted on the Exchange website, regular trading of ANS Contracts will be Sunday 6:30 PM ET through Friday 4:00 PM ET. Abbreviated holiday trading schedules may apply and will be posted on the Exchange website.

(ii) Notwithstanding Rule IX-3001(h)(i), the Exchange will provide for continuous trading, including Saturdays, Sundays and Holidays, of ANS Contracts whenever any named storm is present in the Atlantic basin. The Exchange will post on its website when it is open for continuous trading. Any trades that occur after 4:00 PM ET on any calendar day will be reported with trades of the following Business Day.

#### **(i) Valid Strike Codes**

The valid Strike Codes for ANS Contracts are all those listed as part of any Impacted ZIP Code Area in Table 1 and Strike Code "00000", which indicates that the given named storm did not make landfall within an Impacted ZIP Code Area or that there are no open positions for any Strike Code within the Impacted Zip Code Area for that Contract. Revisions to Table 1 will be posted as necessary on the Exchange website.

#### **(j) Minimum Price Increment**

The minimum trading increment of each ANS Contract is one cent (\$0.01).

#### **(k) Position Accountability Levels**

The position accountability level shall be 10,000 contracts net short or net long each ANS Contract Strike Code.

#### **(l) Original Margin Requirements**

Original Margin shall be sufficient to cover the maximum possible loss a Participant could incur upon liquidation or expiration of a contract. This is calculated to be equal to (i) \$1.00 for positions established in the Primary Trading Period; (ii) the trade entry price for long positions established during the Secondary Trading Period; and (iii) the maximum possible

Final Settlement Price for the respective Strike Code less the trade entry price for short positions established during the Secondary Trading Period.