

ATTACHMENT A—CONTRACT TERMS AND CONDITIONS

CX FUTURES EXCHANGE, L.P. CHAPTER IX CONTRACTS

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IX-3003. ATLANTIC NAMED STORM LANDFALL 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 LANDFALL SWAPS CONTRACT (“ANSLS Contract”). In general, the ANSLS Contract is a swap that will terminate once the given storm has dissipated or is no longer being tracked as a named storm and will settle as per Rule 3003(e) below.

(ii) Clearing of the ANSLS 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.

(iii) 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) Strike Codes, Landfall Locations and Qualifying Atlantic Landfalls

(i) The valid Strike Codes for ANSLS Contracts are all those listed in Appendix A. Each Strike Code is five digits and generally co-locates with the centroid of equivalent 5-digit US ZIP Codes. For the avoidance of doubt, no such correspondence is assured as ANSLS Strike Codes are not regularly updated to match US ZIP Code centroid locations.

(ii) The qualifying Landfall Locations for each Strike Code are listed in Appendix A. Certain Landfall Location latitude and longitude points lie in territories that are not part of the continental United States.

(iii) A Qualifying Atlantic Landfall (“QAL”) will occur anytime the Exchange designates such occurrence relying primarily on Public Advisories published on the website www.nhc.noaa.gov and issued by NOAA's National Hurricane Center (NHC) provided that (A) the storm was named prior to the time of landfall and retains that name at the time of landfall; (B) the latitude and longitude of such landfall corresponds to a Landfall Location associated with at least one Strike Code in Appendix A; (C) the landfall is not a revision or amendment to a prior landfall or inactive storm; and (D) the landfall occurs when there is a corresponding ANSLS Contract listed for trading. For the avoidance of doubt, multiple landfalls by the same named storm qualify as separate QALs and will be taken together when calculating the Final Settlement prices for each ANSLS contract.

(iv) The Exchange is solely responsible for determining the occurrence and location of a QAL and makes no warranties with respect to the accuracy of the NHC’s advisory and in its discretion may use other public and private weather reporting sources to determine the location of a QAL when doing so is in the best interest of the marketplace. The Exchange shall document the information on which it declares a QAL.

(v) All QALs will be published on the Exchange website and include named storm, date and time of landfall, latitude and longitude of landfall.

(c) Placement of Bids

(i) Immediately after an ANSLS Contract is listed, Participants, through the Exchange, will be able to bid for contracts by specifying the Strike Code of the contract. The Bid Price for each Contract’s Strike Code shall be the highest Bid for that Strike Code reached on Table 1. By way of example, if the Bid Price for the 10055 Strike Code reaches \$2.50 based on Table 1 because it’s within 56 miles of the 36-hour storm forecast location, the Bid Price shall remain at \$2.50 even if subsequently the storm moves such that 10055 Strike Code becomes outside of that range. Once a Strike Code is “in range” and unavailable for additional bidding, it shall remain unavailable for additional bidding for the contract’s duration.

(ii) A named storm’s forecast locations and last reported position will be taken from National Hurricane Center Advisories (“Advisory”) and updated by the Exchange at least once each Trading Day provided such information is made available by the NHC. The Exchange will post a link to any Advisory used for Bid Price determination and the effective time of such Bid Price changes on its website.

Table 1	
Any of a Strike Code’s Landfall Location(s) lie within	Bid Price and Original Margin per Contract
26 miles of the last reported storm location, or 26 miles of the 12-hour storm forecast location, or 43 miles of the 24-hour storm forecast location.	Strike Code is “in range” and unavailable for additional bidding.
56 miles of the 36-hour storm forecast location.	\$2.50
74 miles of the 48-hour storm forecast location.	\$2.25
103 miles of the 72-hour storm forecast location.	\$2.00
151 miles of the 96-hour storm forecast location.	\$1.75
198 miles of the 120-hour storm forecast location.	\$1.50
Storm is named, but outside of locations listed above.	\$1.25
Storm name has not yet been assigned to a storm by NHC.	\$1.00

(iii) The Bid Price per contract must be deposited with each bid as Original Margin with the Clearinghouse.

(iv) Bids may not be cancelled once entered onto the CX Direct System; provided however, the Strike Code of a bid that has been entered may be modified if (A) the modified bid is for the same ANSLS contract as the original bid and (B) the original Bid Price is bid for the modified Strike Code and is retained on deposit as Original Margin with the Clearinghouse. For the avoidance of doubt, there shall be no reductions in Bid Price, even if the contract premium price for the new Strike Code in effect at the time the bid is modified is for a lower amount than the original Bid Price.

(iv) Once a position is created by the CX Direct System the position may not be liquidated except by Final Settlement as provided under Rule IX-3003(e).

(d) [Reserved]

(e) Termination of Trading and Determination of Final Settlement for each Strike Code

“Termination of Trading” means the end of trading in an ANSLS contract and shall occur at 10:00 AM ET on the Trading Day following the earliest of (A) the named storm dissipated or will no longer be tracked as a named storm, (B) the named storm is not expected to have a potential Landfall Location listed in Appendix A, or (C) the first business day after November 30th of the respective calendar year on which there is no named storm active in the Atlantic basin. “Final Settlement” is the process following Termination of Trading in which either a QAL has occurred and each contract will settle as per Rule 3003(e)(i) or a QAL has not occurred and each contract will settle as per Rule 3003(e)(ii) below.

(i) Upon Final Settlement, if a QAL has (or multiple QALs have) occurred for the respective contract, then each position holder will receive a payout on his or her position equal to the number of contracts at each Strike Code times the respective Final Settlement Price for each contract. The Final Settlement Price for each contract at each Strike Code is calculated using the procedure in this subparagraph. The Final Settlement Price for any contract is at least \$0.01 and no more than \$249.99. For the avoidance of doubt, any Strike Codes listed in Appendix A that do not have open interest at the time of Final Settlement are excluded from all calculations.

For each Strike Code, the Exchange will determine the ANSLS Conversion Factor such that (A) any Strike Code having at least one Landfall Location that corresponds to a QAL for that contract will be assigned an ANSLS Conversion Factor of 1.00, or (B) any Strike Code that does not have at least one Landfall Location corresponding to a QAL for that contract will be assigned an ANSLS Conversion Factor of 0.01.

To determine the Final Settlement Price, the Exchange will multiply the number of contracts bid at each Strike Code by the ANSLS Conversion Factor and sum these values across all Strike Codes to obtain the contract's total Residual Bid Interest. The Final Settlement Price for each Strike Code will equal that Strike Code's ANSLS Conversion Factor times the total Original Margin applicable to the contract divided by the total Residual Bid Interest then rounded down to the nearest one cent (\$0.01). After determination of the Final Settlement Price for each contract as provided above, the Exchange will post for each Strike Code (A) the bid interest; (B) the Residual Bid Interest after application of the ANSLS Conversion Factor; and (C) the Final Settlement Price for each Strike Code.

(ii) Upon Final Settlement, if no QAL has occurred for the respective contract then (A) if the Termination of Trading has occurred on or before November 30th of the respective calendar year, each contract position for that storm will be rolled forward into a contract position for the same Strike Code for the next ANSLS contract that is available for trading in the sequence “A”, “B”, “C”, et al that has not yet been named by the NHC, or (B) if the Termination of Trading has occurred after November 30th of the respective calendar year, the Final Settlement Price for each Strike Code will equal the total Original Margin applicable to the contract divided by the total open interest for all Strike Codes then rounded down to the nearest one cent (\$0.01).

For the avoidance of doubt, positions rolled forward under Rule 3003(e)(ii)(A) above will be rolled into the same Strike Code and at the Bid Price of the position being rolled.

(iii) Final Settlement of open positions in each contract will occur as soon as practical after the Exchange’s calculation and verification of the Final Settlement Price for each Strike Code.

(f) Ticker Symbols

Each ANSLS Contract will be identified as “WXANSLSyy@” where “yy” shall correspond to the two-digit year and “@” shall be the ANSLS Contract’s upper-case alphabetical designator, which shall be consistent with the alphabetical designator as determined by the World Meteorological Organization and posted on the NHC’s website. For example, the first ANSLS Contract for the 2020 season shall be listed as WXANSLS20A, the second ANSLS Contract for the season shall be listed as WXANSLS20B, etc. If more than 21 storms are listed, then “@” shall be the lower-case alphabetical designator in sequence (e.g. “WXANSLS20a” would correspond to the “Alpha” storm).

(g) First Listing Day and Termination of Trading

(i) The First Listing Day for the ANSLS “A” contract shall be the first Monday in January that is also a Business Day of each calendar year, unless otherwise posted on the Exchange website.

(ii) The First Listing Day for subsequent contracts in the sequence “B”, “C”, “D”, et al will occur at 10:00 AM ET on the Trading Day following the NHC’s naming of the immediately preceding storm in the sequence. No new contracts will be listed after November 30th of the calendar year. For example, when NHC announces that the “J” storm has formed, the Exchange shall list a contract on the “K” storm at 10:00 AM ET on the following Trading Day, except if the following Trading Day is after November 30th.

(h) Trading Days and Trading Hours

Trading Hours shall begin immediately upon listing and be available continuously until the Termination of Trading except that the Exchange may permit modifications to these Trading Days and Trading Hours for the purposes of (A) scheduled technology maintenance, (B) abbreviated holiday trading schedules, and (C) as required by market or environmental considerations. All such changes shall be posted on the Exchange website.

(i) [Reserved]

(j) Valid Strike Codes

The valid Strike Codes for ANSLS Contracts are all those listed in Appendix A.

(k) Minimum Price Increment

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

(l) Position Accountability Levels

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

(m) 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.