**APPROVED**

by Public Joint Stock Company Moscow Exchange MICEX-RTS

(Order No. МБ-П-2023-2499 of 12 September 2023)

**SPECIFICATION FOR FUTURES-STYLE OPTION ON**

**cash-settled sugar futures contract**

This Specification for the Futures-Style Option on the Cash-Settled Sugar Futures Contract (the "Specification") defines the standard terms and conditions of the Deliverable Futures-Style Option on the Cash-Settled Sugar Futures Contract.

The Specification with the Clearing Rules for the Moscow Exchange Derivatives Market (the “Clearing Rules”), Trading Rules for the Moscow Exchange Derivatives Market (the “Trading Rules”) shall define the obligations under the Futures-Style Option on the Cash-Settled Sugar Futures contract (hereinafter the “Contract”) as well as the procedure for such obligations to arise, be changed or terminated.

The underlying asset of the Contract is the cash-settled Sugar Futures contract (the "Futures Contract").

The Contract is a futures-style option contract, which means that there is a Variation Margin Obligation as set out in clause 1.7 below.

Terms and definitions not expressly defined in the Specification shall be understood in accordance with the laws of the Russian Federation, the Trading Rules and the Clearing Rules.

1. **Entering into the Contract**
	1. The opportunity to conclude the Contract in the process of trading shall be granted by the Moscow Exchange resolution that shall specify:
* Futures Contract code;
* Contract type;
* Contract category;
* The strike price tick;
* first trading day during which the Contract may trade (hereinafter the First Trading Day);
* The time from which the Contract may be executed (hereinafter the “Start of Trading in the Contract”).
	1. The Contract code (designation) is formed as follows:

<Futures Contract Code>M<last trading day for the Contract><type of Contract><category of Contract><exercise price>

* The symbol “M” means that the Contract is a futures-style option;
* the last trading day for the Contract shall be indicated in Arabic numerals in the format DDMMYYY;
* type of Contract means a Call Option ("C") or a Put Option ("P");
* category of the Contract shall mean American option ("A") or European option (“E”).
	1. The number of Futures Contracts which are the underlying asset of the Contract (the "Lot") is 1 (one) Futures Contract.
	2. Contract Price (Premium).
		1. The Contract price (premium) in the course of Trading when entering an order and executing the Contract shall be specified in Russian roubles per Lot.
		2. The minimum price movement (the “tick”) for the Contract is 10 (ten whole) Russian Roubles.
		3. The tick value is 1 (one) Russian rouble.
	3. The Contract term shall be from the start of Trading in the Contract until the start of the evening clearing session of the last trading day for the Contract.
	4. The date of the last Trading Day during which the Contract can be executed (the "last trading day for the Contract") is determined in accordance with the List of dates which are the last trading days for options, as the 15th day of the expiry month and year.

If the 15th day of the expiry month and year is not a Trading Day, the date of the last trading day for the Contract specified in the Contract code shall be determined in accordance with the List of Dates which are the last trading days for options as the date of the last Trading Day preceding the 15th day of the expiry month and year.

The list of dates being the last trading days for options is approved by the Exchange upon agreement with the Clearing Centre and is published on the Exchange website.

The Exchange is entitled, upon agreement with the Clearing Centre, to amend the List of Dates, which are the last trading days for options.

**Obligations under the Contract**

* 1. Variation Margin obligation.
		1. The Parties to the Contract must pay each other variation margin in the form of cash, in the amount depending on the changes in the value of the underlying asset.
		2. Variation margin is calculated and paid during the life of the Contract.
		3. Variation margin is calculated according to the following formulas:
1. * + 1. During the intraday clearing session:
2. If the variation margin has not been calculated before:

**VM1 = Round (SP1\*Round (W1/R; 5); 2) – Round (P0\*Round (W1/R; 5); 2)**

where:

VМ1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session,

Round – mathematical rounding to the specified precision,

P0 – the price (premium) of the Contract,

SP1 – the daily (last) settlement price of the Contract,

W1 – tick value,

R - the minimum price fluctuation (tick).

1. If the variation margin has been calculated before:

**VM1 = Round (SP1\*Round (W1/R; 5); 2) – Round (P0\*Round (W1/R; 5); 2)**

where:

VМ1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session,

Round – mathematical rounding to the specified precision,

SP1 – the daily (last) settlement price of the Contract,

SPp – the settlement price of the Contract calculated during the previous trading day’s evening clearing session,

W1 – tick value,

R - the minimum price fluctuation (tick).

* + - 1. During the evening clearing session:
1. If the variation margin has not been calculated before:

**VM2 = Round (SP2\*Round (W2/R; 5); 2) – Round (P0\*Round (W2/R; 5); 2)**

where:

VМ2 – variation margin for the Contract as calculated in the evening clearing session for the current trading day’s evening settlement period,

Round – mathematical rounding to the specified precision,

P0 – the price (premium) of the Contract,

SP2 – the daily (last) settlement price of the Contract,

W2 – the tick value,

R - the minimum price fluctuation (tick).

1. If the variation margin for the Contract has been calculated in the intraday clearing session on the current trading day:

**VМ2 = VМ – VМ1**

where:

VМ2 – variation margin for the Contract as calculated in the evening clearing session for the current trading day’s evening settlement period,

VM – variation margin for the Contract as calculated in the evening clearing session for the current trading day;

VM1 – variation margin for the Contract as calculated in the intraday clearing session on the current trading day as per Section 2.1.3.1 above.

VM is determined according to the following formulas:

1. If the variation margin has not been calculated for the previous trading day in the evening clearing session:

**VM2 = Round (SP2\*Round (W2/R; 5); 2) – Round (P0\*Round (W2/R; 5); 2)**

where:

Round – mathematical rounding to the specified precision,

SP2 – the daily (last) settlement price of the Contract,

P0 – the price (premium) of the Contract,

W2 – the tick value,

R - the minimum price fluctuation (tick).

1. If the variation margin has been calculated for the previous trading day in the evening clearing session:

**VM2 = Round (SP2\*Round (W2/R; 5); 2) – Round (P0\*Round (W2/R; 5); 2)**

where:

Round – mathematical rounding to the specified precision,

SP2 – the daily (last) settlement price of the Contract,

SPp – the settlement price of the Contract calculated during the previous trading day’s evening clearing session,

W2 – tick value,

R - the minimum price fluctuation (tick).

* + 1. The settlement price of the Contract is set by the Exchange under the procedure and within the time frames set out in the Trading Rules and Specification.
		2. For the purpose of calculating the variation margin for the Contract, the current (last) Settlement Price of the Contract (SPc) shall be set to 0 (zero) in the following cases:
* the Contract has been exercised in the current clearing session;
* during the evening clearing session of the last trading day for the Contract.
	+ 1. The obligation to pay the variation margin shall be fulfilled in accordance with the procedure and within the time limits set out in the Clearing Rules. In this case,
* if the variation margin is positive, the obligation to pay the variation margin arises for the Option Writer;
* if the variation margin is negative, the obligation to pay variation margin in the amount equal to the absolute value of the calculated variation margin arises for the Option Holder.
	1. Delivery obligation (execution of the Futures Contract)
		1. The Option Writer shall, at the request of the Option Holder, execute the Futures Contract subject to the following conditions:

the Clearing Member code and the code(s) of its Client(s) specified when executing the Futures Contract coincide with the Clearing Member code and the code(s) of its Client(s) specified when executing the Contract;

The Option Writer becomes the Seller under the Futures Contract and the Holder becomes the Buyer under the Futures Contract if the Contract is a Call Option, or the Option Writer becomes the Buyer under the Futures Contract and the Holder becomes the Seller under the Futures Contract if the Contract is a Put Option;

The price of the Futures Contract is equal to the Exercise Price of the Contract.

* + 1. The Holder may choose to exercise the Contract by submitting the application to the Clearing Centre within the procedure and terms set forth in the Clearing Rules.
		2. During the evening clearing session, the Holder's request for exercise of the Contract shall be deemed to have been submitted if the following conditions are met:
			1. The Contract is an in-the-money option, namely:
* a Call Option with exercise price being less than the Settlement Price of the Futures Contract, which is the underlying asset of this Option, determined at the end of the Evening Settlement Period of the last trading day for the Contract, or
* a Put Option with exercise price being higher than the Settlement Price of the Futures Contract which is the underlying asset of this Option, as determined at the end of the Evening Settlement Period of the last day of conclusion of the Contract; or
	+ - 1. the Contract is an at-the-money option, namely a Call Option or a Put Option, the exercise price of which is equal to the Settlement Price of the Futures Contract which is the underlying asset of the Option, as determined at the end of the evening Settlement Period of the last trading day for the Contract. In this case the Contract is exercised to the extent of 50 (fifty) percent of the volume of the open position in the in- the-money option, recorded on the sections of the Holder's position register, subject to the following:
* for Call Options, the value is rounded upwards to the nearest integer;
* for Sell Options, the value is rounded down to the nearest integer.
	+ 1. The Futures Contract shall be executed in accordance with the Clearing Rules and the Trading Rules.
		2. The Option Holder is eligible to submit a refusal to exercise the Contract on the Contract’s last trading day.
1. **Grounds and procedure for termination of obligations under the Contract**
	1. Obligations under the Contract are terminated in full upon due performance thereof.
	2. Either party's obligations under the Contract shall be terminated in full as a result of that party incurring counter obligations under the Contract with the same code (designation), i.e. the Writer incurring obligations of the Holder or the Holder incurring obligations of the Writer, in the manner and within the time limits stipulated in the Clearing Rules.
	3. Obligations under the Contract may be terminated on other grounds provided for in the Clearing Rules, in accordance with the procedures set forth thereof.
2. **Liability of the parties for failure to perform the obligations under the Contract**
	1. The parties shall be liable for non-performance or improper performance of obligations under the Contract in accordance with the legislation of the Russian Federation, the Trading Rules, the Admission Rules and the Clearing Rules.
3. **Special provisions**
	1. The Exchange shall be entitled upon agreement with the Clearing Centre to change the date of the last trading day for the Contract with a certain code if during the term of the said Contract at least one of the following circumstances has occurred:
		1. in accordance with the specification of the Futures Contract, the Exchange has taken a decision to change the date of the last trading day for the Futures Contract and/or the settlement date of the Futures Contract;
		2. according to the decision of the government body of the Russian Federation, the last trading day for the Contract is declared a non-business day.

In this case, no changes shall be made in the Contract code.

* 1. The information on the decision(s) adopted by the Exchange under clause 5.1 above shall be notified to Trading Members by its publication on the Exchange website at least 3 (three) Trading Days prior to entry into force of the respective decision(s). In case the grounds for decisions provided by clause 5.1 above occur less than 3 (three) Trading Days prior to the last trading day for the Contract, the information on such decision(s) taken by the Exchange shall be notified to the Trading Members by its publication on the Exchange website not later than on the effective date of the respective decisions.
	2. As soon as the decision(s) made by the Exchange in accordance with Clause 5.1 of the Specification come into force, the terms of existing obligations under previously concluded Contracts shall be deemed to have been modified to take account of the said decision(s).
1. Amendments and Supplements to the Specification
	1. The Exchange is entitled to introduce amendments and supplements hereto as agreed with the Clearing Center.
	2. Amendments and supplements hereto go into force at the moment the Exchange puts into effect the updated Specification, containing such amendments and supplements.
	3. The Specification as amended and supplemented from time to time is published on the Exchange website at least 3 (three) Trading Days before it takes effect, which serves as notice to trading members.
	4. Unless otherwise decided by the Exchange, as soon as any amendments and supplements to the Specification come into force, the terms of existing Contracts previously entered into are deemed to have been amended or supplemented accordingly.