

The World's First Options Contract on USD RBD Palm Olein Futures

OPOL

Options on US Dollar
Denominated RBD
Palm Olein Futures

Traded on
Bursa Malaysia



What is OPOL?



USD RBD Palm Olein Options contract (OPOL) is a US dollar-denominated options contract in Bursa Malaysia Derivatives palm oil complex, with USD RBD Palm Olein Futures (FPOL) contract as its underlying instrument. It is the world's first options contract on RBD Palm Olein, enabling users to hedge their exposure on price fluctuations. This adds on to the array of possible risk management tools available for palm oil players as options contracts have very different risk-reward profiles to futures contracts. OPOL is traded electronically on CME GLOBEX®, allowing traders access from anywhere around the world.

Options on US Dollar Denominated RBD Palm Olein Futures (OPOL)

Contract Specifications

| | |
|---------------------------------------|---|
| Contract Code | OPOL Calls: C OPOL Puts: P OPOL |
| Underlying Instrument | US Dollar Denominated RBD Palm Olein Futures Contract (FPOL) |
| Contract Unit | 1 FPOL Contract |
| Minimum Premium Fluctuation | USD 0.25 per MT |
| Contract Months | Spot month and the next 3 succeeding months. Thereafter, alternate months i.e. odd months up to 24 months ahead. The first spot option contract month will be trading the 3rd month FPOL contract. |
| Trading Hours | First trading session: Malaysian time: 0900 hours to 1200 hours. Second trading session: Malaysian time: 1330 hours to 1800 hours. |
| Exercise Price Interval | At least 11 Exercise Prices (5 are In-the Money, 1 is At-the-Money and 5 are Out-of-Money) will be set at intervals of USD 10 per metric ton for all contract months. |
| Exercise | 1. European style exercise. 2. An Option is In-the-Money if the Daily Settlement Price of the underlying US Dollar RBD Palm Olein Futures Contract on the Expiration Date is above the Exercise Price of the Option (in the case of a Call Option), or below the Exercise Price of the Option (in the case of a Put Option). |
| Settlement | Positions in the underlying FPOL Contract, as a result of the Exercise of an Option, will be assumed by the parties to the Option on the first Business Day after the Final Trading Day. |
| Final Trading Day and Expiration Date | 1. 15th day 2 months prior to the spot month of the underlying FPOL Contract or, if the 15th day is non-Business Day, on the last Business Day preceding the 15th day. 2. Trading in the expiring series of the Contract ceases at 1800 hours (Malaysia time) on the Final Trading Day. |
| Speculative Position Limits | 10,000 futures equivalent contracts net long or net short for any single month. 15,000 futures equivalent contracts for all contract months combined. *Speculative Position Limits are combined together with the FPOL contract. |

1. What happens at the expiry of OPOL?

In the absence of contrary instructions delivered to the Clearing House, an option that is In-the Money at expiration shall be automatically exercised. Exercise results in a long 3rd month FPOL position, which corresponds with the option's contract month for a call buyer or a put seller, and a short 3rd month FPOL position for a put buyer or a call seller.

2. What other facilities are available?

i) "Exchange for Related Positions" (EFRP)

- Exchange your futures positions for FPOL contract
- Terms are privately negotiated between the two parties e.g. quality, charges, delivery, etc.
- This transaction is conducted outside the Exchange framework (off-Exchange)

ii) "Negotiated Large Trade" (NLT)

- Arrange and transact orders outside the Exchange framework (off-Exchange)
- Allow large trades done at a single price
- Minimise possible price impact

3. What are the approved currencies that I can deposit as Initial Margin?

Variation Margins are paid in Ringgit Malaysia (MYR). Initial Margins are accepted in various currencies listed below:

- Malaysian Ringgit (MYR)
- US Dollar (USD)
- British Pound (GBP)
- Euro (EUR)
- Hong Kong Dollar (HKD)
- Japanese Yen (JPY)
- Chinese Renminbi (RMB)
- Singapore Dollar (SGD)
- Australian Dollar (AUD)

Initial Margin is to be deposited with your licensed Futures Broker prior to trading. Please refer to your Futures Broker for other approved collaterals. All currency deposits for Initial Margin are subjected to hair cut rates as determined by Bursa Malaysia Derivatives Clearing from time to time.

Open a Futures Trading Account with one of the licensed Futures Brokers of Bursa Malaysia Derivatives to get started.

Please refer to our list of Trading Participants at www.bursamalaysia.com

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