

# The BFX Natural Gas Futures Contract Specification

Developed by the Bahrain Financial Exchange

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## BFX Natural Gas Futures Contract Specification

### Scope

The provisions contained herein shall apply to the Natural Gas futures contract traded on the Bahrain Financial Exchange (hereinafter referred to as the “BFX” or “Exchange”). Procedural guidelines for trading, clearing, settlement and/or any other matter not specifically covered herein shall be governed by the BFX and the BFX Clearing and Depository Corporation (hereinafter referred to as the “BCDC”) Rules, Circulars and any other provisions issued periodically.

<b>Contract Description</b>	BFX Natural Gas Futures contract
<b>Contract Symbol</b>	BFXNG
<b>Contract Designation</b>	BFXNGDDMMYYYY where BFXNG is the contract symbol and DDMMYYYY refers to the contract date, month and year (e.g. the Jan 2012 contract maturing on Dec 27, 2011 is referred to as BFXNG27DEC2011).
<b>Trading Hours</b>	Monday to Friday between 8:30 AM and 9:30 PM Bahrain Time (Arabia Standard Time, AST or GMT + 3). Please refer to the relevant exchange circular for change in trading hours due to Day Light Saving period or holidays in the International markets.
<b>Contract Listings</b>	A minimum of three futures contracts shall be made available following a monthly maturity cycle Upon the maturity of the near-month contract, the next subsequent far-month contract shall be launched on the maturity date of the near-month futures contract.
<b>Contract Size</b>	2,500 million British Thermal units (mmBtu).
<b>Grade / Quality Specifications</b>	The BFX Natural Gas Futures Contract shall price the Natural Gas of standard pipeline quality based on equivalent Henry Hub Natural Gas futures contracts traded on New York markets.
<b>Price Quotation</b>	US Dollars and Cents per million British thermal units (mmBtu) up to three decimal places (for example, USD 4.012 per mmBtu)
<b>Tick Size (Minimum Price Movement)</b>	USD 0.001 per mmBtu
<b>Tick Value</b>	USD 2.50 per Futures Contract (USD 0.001 per mmBtu x 2,500 mmBtu)
<b>Last Trading Day (Contract Maturity Date)</b>	The Last Trading Day shall be the fourth business day before the first calendar day of the maturing contract month. In the event of the last trading day being a holiday in the International markets, the last trading day shall be the immediate preceding business day. The exchange shall notify any change in the contract maturity date after the launch of the futures contract. Members are requested to refer to the relevant circulars for any change in the contract maturity date.
<b>Settlement Methodology</b>	Cash Settlement
<b>Daily Settlement Price</b>	Volume Weighted Average Price of all trades executed in the last 30

	minutes on each trading day. The Daily Settlement Price shall be rounded to the nearest multiple of the tick size. Members may refer to the relevant circulars for further information.
<b>Final Settlement Price</b>	The Final Settlement Price on the maturity date of the BFX Natural Gas futures contract shall be the settlement price of the equivalent Henry Hub Natural Gas Futures contract on New York markets, rounded to the nearest multiple of the tick size.
<b>Settlement Date</b>	Settlement of funds pay-in and pay-out towards mark-to-market profits and losses shall be completed on the Business day following each Trading Day (i.e. on a T+1 day basis). In the event of the settlement day not being a business day, the settlement day shall be the following business day. The exchange shall notify any change in the settlement date due to a holiday in the International markets.
<b>Pay-in of Funds</b>	7:30 AM on a T+1 day basis.
<b>Pay-out of Funds</b>	11:00 AM on a T+1 day basis.
<b>Maximum Order Size</b>	200 Contracts (Lots).
<b>Daily Price Range</b>	The base price limit shall be 4%. In the event that the base daily price limit is breached, the relaxation shall be allowed up to 6% without any cooling-off period. In the event that the 6% price limit is also breached, then after a cooling off period of up to 15 minutes, the daily price limit shall be relaxed up to 9%. In the event that the International markets are volatile and even this price limit of 9% is breached, then the daily price limit shall be further relaxed in steps of 3%. Kindly refer to the relevant circulars for information on the relaxation of the Daily Price Range.
<b>Maximum Allowable Open Position</b>	For each Trading Member or Authorised Remote Member, collectively for all proprietary and client positions: 24,000 contracts across all contract months. For Individual Client: 6,000 contracts across all contract months. Kindly refer to the relevant circulars for information on Exemption of Position Limits.
<b>Initial Margin</b>	Standard Portfolio Analysis of Risk* (SPAN®) margin shall be applicable subject to a minimum initial margin of 5%.
<b>Special (Additional) Margins</b>	In the event of additional volatility, the BFX and the BCDC reserves the right to impose a special (additional) margin over and above the initial margin on all outstanding (open) futures contract positions.
<b>Calendar Spread Benefit</b>	Calendar Spread Benefit on the Initial Margin shall be 75%. The calendar spread benefit shall be scaled down over a period of five days preceding the near-month contract's maturity date. Kindly refer to the relevant circulars for further information.

Following are the contracts to be launched:

CONTRACT MONTH / PRODUCT MONTH	MATURITY DATE
January 2012	December 27, 2011
February 2012	January 26, 2012
March 2012	February 24, 2012

*\*Note: SPAN® is a registered trademark of the Chicago Mercantile Exchange, used herein under License. The Chicago Mercantile Exchange assumes no liability in connection with the use of SPAN by any person or entity.*