

exercise value has not reached the cap price, and the automatic exercise feature of the option is not triggered, because the index level was not at or below the cap price at the time of day specified by the options market for determining the automatic exercise value.

CASH SETTLEMENT AMOUNT—This is the cash amount that the holder of a cash-settled capped option is entitled to receive upon the exercise of the option. In the case of a capped option that has been automatically exercised, the cash settlement amount is equal to the cap interval times the multiplier for the option, even if the automatic exercise value on the day that the automatic exercise feature is triggered exceeds (in the case of a call) or is less than (in the case of a put) the cap price. If the capped option is voluntarily exercised at expiration, the cash settlement amount is determined in the same manner as for other styles of cash-settled options.

EXAMPLE: A 360 ABC capped call index option has a cap interval of 30 and a multiplier of 100. The automatic exercise value of the ABC index is 396 on a particular trading day. The call option is automatically exercised, and the cash settlement amount is \$3000 (equal to the cap interval of 30 times the multiplier of 100).

EXAMPLE: A 360 ABC capped call index option has a cap interval of 30 and a multiplier of 100. The automatic exercise value of the ABC index never equals or exceeds the cap price of 390 during the life of the option, and the exercise settlement value of the option is 367 on the final trading day. Upon exercise of the option, the holder is entitled to receive a cash settlement amount of \$700 (equal to the multiplier of 100 times the difference between the exercise settlement value of 367 and the exercise price of 360).