

Short-Term Options (STO)



November 2011

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Parity Energy, Inc.
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Parity Energy Overview

- We match institutional buyers and sellers of cleared options in energy and precious metals
- Electronic matching + OTC broker + floor broker equals better service for customers
- Founded in 2006, electronic matching since 2008
- Swap Execution Facility (SEF) status planned in 2012



STOs on PEP

- WTI Crude Oil, Henry Hub Natural Gas, Gold
- 5 lot minimum
- Integration available
 - FIX API
 - Excel Add-In
 - WhenTech Markets
 - OptionsCity Metro
- Market making incentives
 - Tailored plans available upon request



STO Settlement - NG

NG STO

November 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8 U08 Z11	9 U09 Z11	10 U10 Z11	11 U11 Z11	12
13	14 U14 Z11	15 U15 Z11	16 U16 Z11	17 U17 Z11	18 U18 Z11	19
20	21 U21 Z11	22 U22 Z11	23 No Contract Listed	24 No Contract Listed	25 U25 Z11	26
27	28 U28 F12	29 U29 F12	30 U30 F12			

Option expiry



STO Settlement - WTI

Crude STO

November 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8 C08 Z11	9 C09 Z11	10 C10 Z11	11 C11 Z11	12
13	14 C14 Z11	15 No Contract Listed	16 C16 F12	17 C17 F12	18 C18 F12	19
20	21 C21 F12	22 C22 F12	23 C23 F12	24 No Contract Listed	25 C25 F12	26
27	28 C28 F12	29 C29 F12	30 C30 F12			

Option expiry



STO Settlement - Gold

Gold STO

November 2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8 L08 Z11	9 L09 Z11	10 L10 Z11	11 L11 Z11	12
13	14 L14 Z11	15 L15 Z11	16 L16 Z11	17 L17 Z11	18 L18 Z11	19
20	21 L21 Z11	22 No Contract Listed	23 L23 G12	24 No Contract Listed	25 L25 G12	26
27	28 L28 G12	29 L29 G12	30 L30 G12			

Option expiry



STO Scenario

- Long \$50k premium in options; decay \$5k/day
- Compensate for decay by selling T+2 options
 - Sell 50 lots of an option worth \$0.02
 - Collect \$10K to offset risk

STOs on PEP

Home Quotes Trades My Account Help New! Logout									
Instrument	Delta	Bid			Offer				
		Size	Ind.	Price	Price	Ind.	Size		
+Put +Cal <input type="checkbox"/> NG STO - Short Term Option									
11/15 Z11 3.40 Put	-	60	-	0.0050	0.0150	-	100	+	
11/16 Z11 3.55 Call	-	5	-	0.0075	0.0175	-	100		
11/16 Z11 3.60 Call	-	+ 10	-	0.0100	0.0225	-	90		
11/17 Z11 3.60 Call	-		-	--	0.0250	-	5		
+Put +Cal <input type="checkbox"/> WTI STO - Short Term Option									
11/16 Z11 97.00 Put	-	5	-	0.04	0.16	-	5		
11/16 Z11 99.00 Call	-	50	-	0.09	0.21	-	50		
11/17 Z11 98.00 Put	-	20	-	0.14	0.26	-	20		
11/17 Z11 100.00 Call	-	10	-	0.19	0.31	-	10		
+Put +Cal <input type="checkbox"/> GOLD STO - Short Term Option									
11/16 Z11 1,740 Put	-	5	-	17.80	18.20	-	5		
11/16 Z11 1,760 Put	-	5	-	29.80	30.20	-	5		

Other CME Cleared Products

- NG CSO, LAL, SDO
- WTI CSO, LO, APO, SDO
- ***NEW*** WTI SDO CSO (Symbol = DNM)
- ***NEW*** Nat Gas Position Management Products
 - EFS, Pen/LD, Futures/Pen



Next Steps

- Contact your clearinghouse to get enabled
- Ensure your back office and trade capture system accepts STOs
 - U01-U31 (NG); C01-C31 (WTI); L01-L31 (Gold)
- Call CME ClearPort to ensure Parity Energy is authorized as a broker



Contact Info

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