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Options with Futures-Style Margining

Overview

Futures-style margin options at Nodal allow firms to trade options using the same initial and variation margin concepts they are accustomed to with futures. Traditional equity-style margin (ESM) options tend to have higher capital costs and

therefore traders often prefer trading the FSM equivalent options contracts. Nodal Exchange's FSM options across power, gas and environmental contracts gives traders access to more capital efficient options contracts.

ESM vs FSM Examples of Premium and Initial Margin Pay/Collects

Western Hub Real-time Peak Cal
1x 50 MWs of 2024 \$50 Calls*

LONG

Equity-Style Option
\$1 MM - Option Premium

Futures-Style Option
\$385 k - Initial Margin

SHORT

Equity-Style Option
\$1.7 MM - Initial Margin + NLV
\$1 MM - Options Premium

Futures-Style Option
\$500 k - Initial Margin

Henry Hub Penultimate 10k MMBtu
500 Lots of Dec '23 \$3.75 Calls*

LONG

Equity-Style Option
\$3 MM - Option Premium

Futures-Style Option
\$865 k - Initial Margin

SHORT

Equity-Style Option
\$4.5 MM - Initial Margin + NLV
\$3 MM - Options Premium

Futures-Style Option
\$1 MM - Initial Margin

California Carbon Allowance V23 500
Lots of Dec '23 \$33 Calls*

LONG

Equity-Style Option
\$930 k - Option Premium

Futures-Style Option
\$517 k - Initial Margin

SHORT

Equity-Style Option
\$2 MM - Initial Margin + NLV
\$930 k - Options Premium

Futures-Style Option
\$672 k - Initial Margin

* These are examples to illustrate the cash flow differences between Equity and Futures-Style margining for options contracts. Contact energymarkets@nodalexchange.com to get more details on the product offering. Margin, NLV, and VM will fluctuate throughout the lifecycle of the position.

Nodal Exchange Futures-Style Margin Options Contracts

Power:

- > Western Hub RT Peak (Monthly & Calendar Year 1x)

Gas:

- > Henry Hub Penultimate

Carbon:

- > California Carbon Allowances (CCAs)
- > Regional Greenhouse Gas Initiative (RGGI)
- > Washington Carbon Allowances (WCA)

RECs:

- > PJM Tri-Qualified RECs
- > Texas CRS RECs

Renewable Fuels:

- > Renewable Identification Numbers (RINs)
- > California Low Carbon Fuel Standard (LCFS)