

**HuRLO™**  
**Hurricane Risk Landfall Options**

**Contract Specifications**

**NOTICE FOR DEMO ACCOUNTS:** A Demo Account offers a simulating trading experience. Demo Account trading does not take place on a real exchange and does not involve the use of real money. Each Demo Account will display a simulated Authorized Purchase Limit. All orders placed, trades executed, settlements and balances displayed are for demonstration purposes only. Fees are applied for demonstration purposes only. Demo Account trading performance is not indicative of future trading performance on an exchange. The liquidity represented in the simulated trading environment may differ from the liquidity on an exchange. WRS may use a source other than Eqecat to provide total damage estimates for Demo Account trading.

**100.00. INCORPORATION**

Certain terms used herein are defined in the “HuRLOs: Definitions and Methodology” document, available on the WRS Electronic Trading Platform (the “Platform”) at [www.HuRLOs.com](http://www.HuRLOs.com).

**100.01. HuRLO CHARACTERISTICS**

Hurricane Risk Landfall Options “HuRLO” are European style call options on whether, and where, a Hurricane first makes landfall on the U.S. Coast and whether the Damage Threshold has been met. The Damage Threshold is the minimum amount of total economic damage a landfalling Hurricane is estimated to have caused in the Hurricane landfall location that experiences landfall first, as estimated by Eqecat, Inc., necessary for HuRLOs for the particular landfall location to be subject to automatic exercise and settlement. The Damage Threshold for each Hurricane landfall location is \$1,000,000.00. If the Damage Threshold is not met or exceeded, trading in the then suspended HuRLO series may resume, as provided in Rule 100.02.F below.

Separate series of HuRLOs may be listed for trading and clearing, with each series utilizing a separate mutualized risk pool. Each HuRLO represents a different Hurricane landfall location on the U.S. Coast (as listed in Schedule A to the “HuRLOs: Definitions and Methodology” document) and a “No Landfall” HuRLO represents the outcome that no landfall occurs at any of the specific locations for the HuRLO series, or that landfalling hurricanes do not meet the Damage Threshold. Each HuRLO series will correspond to a particular sequentially numbered landfall for the calendar year, and specific landfall location, if any, (assuming the Damage Threshold for each first landfall is met) as determined by WRS. Please refer to the “HuRLOs: Definitions and Methodology” document for a description of how WRS determines the First Landfall Location and whether the Damage Threshold has been met.

At expiration, WRS shall determine the final settlement for each HuRLO, using the methods and terminology described in the “HuRLOs: Definitions and Methodology” document.

**100.02. OPTION SPECIFICATIONS**

**100.02.A. Trading and Clearing Schedules**

HuRLOs shall be scheduled for trading during such hours as may be determined by WRS, with trading conducted exclusively via the Internet on the Platform.

The Platform shall offer trading simultaneously on a Primary Market and a Secondary Market. In the Primary Market, Qualified Participants may purchase HuRLOs for any landfall locations and the “No Landfall” HuRLO, in any series that is eligible for trading. In the Secondary Market

only, Qualified Participants may sell HuRLOs they own to other Qualified Participants. No short selling of HuRLOs is permitted in either the Primary Market or Secondary Market. All HuRLO trades must be submitted to the Clearing House for clearing and settlement.

HuRLOs shall be scheduled for clearing during such hours as may be determined by the Exchange, with clearing and settlement of HuRLOs conducted exclusively by the Clearing House.

**100.02.B. Trading Unit**

The unit of trading shall be one HuRLO.

**100.02.C. Minimum Fluctuations**

The premium for a HuRLO shall be quoted in dollars and cents per HuRLO. The minimum fluctuation shall be one cent (\$0.01).

**100.02.D. Position Accountability**

A person owning or controlling more than 10,000 HuRLOs in a particular series and location shall provide, in a timely fashion, upon request by WRS or the Exchange, information regarding the nature of the position, trading strategy, and hedging information, if applicable. For the purposes of this rule, "No Landfall" shall be considered a specific location.

**100.02.E. Accumulation of Positions**

For the purposes of Rule 100.02.D., the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

**100.02.F. Suspension or Termination of Trading**

Trading in the Primary Market or Secondary Market, or both, for one or more series may be suspended at any time, as determined by WRS, for weather-related or operational reasons.

Without limiting the foregoing, trading in the Primary Market for the lowest numbered series that is eligible for trading shall be suspended by WRS as soon as practicable following the National Hurricane Center's issuance of a Hurricane Warning for any location on the U.S. Coast. The duration of such suspension shall be subject to WRS' discretion, however, WRS expects to suspend trading until it is determined whether the Hurricane that is the subject of the Hurricane Warning made landfall at Hurricane strength on the U.S. Coast and whether the Damage Threshold has been met (i.e. whether the landfalling Hurricane is estimated to have caused at least \$1,000,000.00 in economic damages in the First Landfall Location). Following any suspension, trading may be either resumed or terminated, as determined by WRS. Trading may be resumed if WRS determines that no Hurricane made landfall, any storm making landfall did so at less than Hurricane strength, or that the Damage Threshold was not met following a landfalling Hurricane.

Trading in the Primary Market for the No Landfall HuRLOs for series 1 shall terminate at 2:00 P.M. ET on October 15 unless trading has already terminated and series 1 has settled. Trading in the Primary Market for the No Landfall HuRLOs for series 2 shall terminate at 2:00 P.M. ET on October 1 unless trading in series 1 or series 2 has already terminated and series 1 or series 2 has settled. Trading in the Primary Market for the No Landfall HuRLOs for series 3 shall terminate at 2:00 P.M. ET on September 9 unless trading in series 1, 2 or 3 has already terminated and series 1, 2 or 3 has settled. If a Hurricane makes landfall on the U.S. Coast before September 9 (and the Damage Threshold was met), WRS will consider extending the termination date for Primary Market trading in series 2 and 3 No Landfall HuRLOs to October 15 and 1, respectively. If WRS decides to list additional series for trading, WRS will provide notice through the Platform of the last trading date for trading in the Primary Market for the No Landfall HuRLOs.

Except for trading in the Primary Market for the No Landfall HuRLOs as provided in the previous paragraph, trading in both the Primary Market and the Secondary Market for a particular series shall terminate at the earlier of:

1. 2:00 P.M. ET on December 15, or
2. When WRS determines to terminate trading following any suspension of trading determined by WRS, or
3. When WRS determines:
  - i. that a Hurricane made landfall on the U.S. Coast;
  - ii. the First Landfall Location at one of the Hurricane landfall locations described in Rule 100.01; and
  - iii. that the Damage Threshold was met.

**100.02.G. Contract Modification**

Specifications shall be fixed as of the first day of trading for a particular HuRLO series except that all HuRLOs must conform to any applicable government regulations in force at the time of exercise. If a government, agency or duly constituted body thereof, with jurisdiction over the subject matter, issues an order, ruling, directive or law inconsistent with these rules, such order, ruling, directive or law shall be construed to become part of these rules and all open and new HuRLOs shall be subject to such.

**100.03. EXERCISE AND FINAL SETTLEMENT**

**100.03.A. Exercise**

A HuRLO for a particular series and specific location, which WRS determines to be the First Landfall Location; provided the Damage Threshold has been met, or if there is no landfall (or landfalling hurricanes do not meet the Damage Threshold), a “No Landfall” HuRLO for a particular series, shall be exercised automatically. All other HuRLOs in the particular series shall expire worthless.

**100.03.B. Final Settlement**

All HuRLOs that are automatically exercised as described in Rule 100.03.A. shall be settled using the respective HuRLO settlements determined by WRS, using the methodology in effect on that date. Settlement shall be in dollars and cents per HuRLO. Any Participant holding a HuRLO that is automatically exercised shall receive its pro rata share of the aggregate of all premiums collected and held by the Clearing House for that particular HuRLO series, less applicable fees imposed by WRS or the Clearing House.

**100.04. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

WRS and the Exchange shall jointly determine (i) when a trading halt, delayed opening or other suspension of trading is required, and (ii) when trading should resume or open, as to any HuRLO and/or HuRLO series as a result of regulatory requirements, market conditions or other emergencies.

**100.05. LIMITATIONS OF LIABILITY AND DISCLAIMER**

WRS's determinations as to (a) whether a Hurricane makes landfall on the U.S. Coast, (b) the First Landfall Location, and (c) whether the Damage Threshold has been met, are collectively referred to as “First Landfall Determinations,” in connection with the trading, clearing and settlement of HuRLOs. WRS makes no warranty, express or implied, as to the results to be obtained by any other person or entity from the use of the First Landfall Determinations in connection with the trading of HuRLOs or any other use. WRS makes no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the First Landfall Determinations. Without limiting any of the foregoing, in no event shall WRS have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.