

# NYMEX UxC™ Uranium U<sub>3</sub>O<sub>8</sub> Futures Contract

## Frequently Asked Questions



1. What is Uranium U<sub>3</sub>O<sub>8</sub>?
  - U<sub>3</sub>O<sub>8</sub>, also called yellowcake, is concentrated uranium oxide produced from uranium ore and is the most actively traded uranium-related commodity. Its primary use is as fuel for nuclear reactors.
2. Why are Uranium U<sub>3</sub>O<sub>8</sub> futures important?
  - The world is going through what is widely considered to be a 'nuclear renaissance' as a result of strongly increasing interest in nuclear energy.
  - There is currently no exchange-listed, transparently priced instrument with which consumers and suppliers of uranium can manage their price risk, and through which the marketplace can gain direct exposure to the price of uranium.
  - The uranium market will benefit from the additional price transparency that a futures market can provide, especially in terms of forward prices as a price curve is established. A futures market can also help as market participants formulate budget and investment decisions.
3. What is The Ux Consulting Company, LLC?
  - The Ux Consulting Co., LLC (UxC) is the leading source of nuclear industry market information. Through its consulting, information services, and publications, UxC provides in-depth coverage and analysis of nuclear fuel market trends. Through its *Ux™ Weekly* publication and daily news headlines service, UxC keeps its worldwide clients abreast of market price and nuclear industry developments. The *UxC Market Outlook Reports* provide in-depth, current coverage of the uranium and enrichment markets on a quarterly basis and for the conversion market on an annual basis. These reports cover recent and prospective contracting activity for each of the markets, supply and demand developments, market and contracting trends, and forecasts of prices under different market scenarios. Further information about UxC is available on the UxC website at [www.uxc.com](http://www.uxc.com).
4. What is the Ux Consulting Uranium index?
  - A weekly uranium U<sub>3</sub>O<sub>8</sub> spot market index (Ux™ U<sub>3</sub>O<sub>8</sub>) published every Monday by The Ux Consulting Company, LLC (UxC) in its publication *The Ux Weekly*, based upon the most competitive offer of which UxC is aware, subject to specified form, quantity, and delivery time frame criteria.
5. What is the nature of the NYMEX relationship with The Ux Consulting Company, LLC?
  - The New York Mercantile Exchange, Inc., a subsidiary of NYMEX Holdings, Inc., signed an exclusive 10-year agreement with The Ux Consulting Company, LLC (UxC) to introduce on and off-exchange traded uranium futures products on the CME Globex® and NYMEX ClearPort® electronic platforms. NYMEX and UxC will work together to provide marketing and education for the uranium contracts.
6. When will this contract be available for trading and clearing on NYMEX?
  - NYMEX UxC Uranium U<sub>3</sub>O<sub>8</sub> futures will be launched at 6:00 p.m., Sunday, May 6, 2007 for the trade date of May 7.
7. Is the NYMEX UxC Uranium U<sub>3</sub>O<sub>8</sub> Futures Contract subject to the same regulations as other futures contracts?
  - Yes. As with all futures contracts on NYMEX, it will be governed by NYMEX rules and subject to Commodity Futures Trading Commission regulations.
8. What is the contract symbol?
  - UX
9. What is the contract size?
  - 250 pounds of uranium U<sub>3</sub>O<sub>8</sub>
10. What is the minimum price fluctuation (tick size)?
  - \$0.05
11. Is this a financially settled or physically deliverable contract?
  - This is a financially settled contract. Each month will settle on the corresponding spot month-end U<sub>3</sub>O<sub>8</sub> (Ux U<sub>3</sub>O<sub>8</sub>) price published by The Ux Consulting Company, LLC (UxC) in *The Ux Weekly*.
12. What are the trading hours?
  - Trading hours are 6:00 PM through 5:15 PM, New York time, Sunday thru Friday, with a 45 minute break each day between 5:15 PM and 6:00 PM.
13. What contract months will be listed?
  - 36 consecutive months will be listed initially. The first listed month will be June 2007.

14. Will options be listed on UX futures?

- Not at the time of the futures launch. NYMEX intends to add options on UX futures at a later date.

15. What will the daily settlement process be?

- The daily settlement will be administered by NYMEX staff and will be based upon current market value according to the best available information.

16. What is the pricing and commission structure?

- CME Globex® (per side):
  - i. Day trade \$0.35
  - ii. Member overnight trade \$0.60
  - iii. Member Non-Member Trade \$1.45
- NYMEX ClearPort® Clearing (per side)
  - i. Member Trade \$2.50
  - ii. Non-Member Trade \$4.00
- Cash Settlement Fee (per side)
  - i. Member \$2.50
  - ii. Non-Member \$4.00

17. What will the margins and position limits be on UX?

- Margins and position limits will be announced separately prior to launch.

18. What are the trading platforms for UX?

- UX will be listed on the CME Globex platform and the NYMEX ClearPort platform. Connectivity to CME Globex is gained through independent software providers (ISVs). To begin trading UX on CME Globex, please view our resources page. Market participants who have not established a connection with CME Globex may make arrangements with their clearing firm or contact CME Globex Services at (312) 648-4777 or by email at [globexservices@cme.com](mailto:globexservices@cme.com). A list of independent software vendors that offer connectivity to CME Globex can be found at [www.nymexoncmeglobex.com](http://www.nymexoncmeglobex.com).
- There are several key advantages to submitting bilateral trades solely for clearing through NYMEX ClearPort Clearing, including mitigating counterparty credit risk, broader risk management, less risk of counterparty default, and a neutral third party to process trades. Each transaction is backed by the AA+ rated NYMEX clearinghouse. Applicants are required to register themselves with a clearing member or firm. Brokers can participate in the Broker Incentive Plan for all trades submitted through NYMEX ClearPort Clearing. For details on this Plan please see the Notice to Members #114, March 14, 2005 on [www.NYMEX.com](http://www.NYMEX.com).

19. How are the contracts guaranteed?

- The NYMEX clearing house acts as the guarantor to each trade; in effect acting as the buyer to each seller and seller to each buyer. This is accomplished through a group of approximately 40 member firms called clearing members, which includes some of the largest and best capitalized firms in the global banking and financial services industries. The actual buyers and sellers of the contracts deal directly with the clearing member firms. Through clearing members, market participants post 'good-faith' deposits called margin. This enables the Exchange to know that participants have sufficient funds to handle any losses they may experience during the course of trading. NYMEX has a guarantee fund of \$200 million backed by all member firms as well as \$115 million default insurance policy. You can find further Information at [www.nymex.com](http://www.nymex.com).

20. Will Calendar Spreads and Trading-At-Settlement (TAS) be available for UX?

- Not at launch. NYMEX will consider adding these at an appropriate later time.

21. Does NYMEX set prices in the contracts it lists?

- The Exchange does not set prices. The Exchange provides a neutral, orderly, and transparent trading forum where buyers and sellers can come together and publishes the prices that result from those transactions. The prices that emerge from trading are determined by supply and demand.

22. Where can I find more information and product specifications?

- For further information please call 212-299-2301, email [marketing@nymex.com](mailto:marketing@nymex.com) or visit the NYMEX website at [www.nymex.com](http://www.nymex.com). At [www.nymex.com/faq.aspx](http://www.nymex.com/faq.aspx) you can find FAQs about NYMEX in general and futures markets.

23. What are the commodity codes?

- Bloomberg: `uxaa`                      ■ Reuters: `0#UXX`