

IDEM

Italian Derivatives Market

Thanks to the listing of several equity-linked products, the IDEM market provides members with the best product offering on Italian and Pan-European equity derivatives, appealing to both institutional and retail investors.

IDEM, launched in 1994, is the Italian Derivatives Market, managed by Borsa Italiana and cleared by Cassa di Compensazione e Garanzia. Both companies belong to London Stock Exchange Group, Europe's leading diversified exchange business.

The product range of the equity derivative market includes:

- FTSE MIB index futures and mini-futures
- FTSE MIB dividend index futures
- FTSE MIB index options and weekly options
- FTSE 100 mini-future
- Italian single stock options
- Italian and Pan-European stock futures
- Italian and Pan-European single stock dividend futures

FTSE MIB Index futures

Underlying	FTSE MIB Index
Trading hours	9:00am – 5:40pm CET
Multiplier	€5
Contract size	Futures price x multiplier
Price quotation	Index point
Minimum price change	5 Index points (€25)
Contracts months	4 nearest quarterly months of the Mar-Jun-Sep-Dec cycle
Expiry day	The third Friday of the expiry month at 9:05am (trading on the expiring contracts ceases at that time). If the Exchange is closed on that day, the contract expires on the last trading day preceding it
Settlement	Cash
Daily settlement price	The daily settlement price is determined by CC&G according to the quantity-weighted average of the last 10% of contracts traded
Final settlement price	The value of the FTSE MIB Index, calculated according to the opening prices of index components on the last trading day. If the opening price of any financial instrument on the index has not been established by the end of the trading session, Borsa Italiana fixes the price in order to establish the value of the index on the basis of the prices recorded in the last session. It also takes into account any other relevant objective elements available
Block trade facility	At a price coinciding with one of the limits of the range between the best bid price and the best ask price if the order quantity is equal to, or more than 5 contracts
Strategies	Time spread

FTSE MIB Index Mini-Futures

Underlying	FTSE MIB Index
Trading hours	9:00am – 5:40pm CET
Multiplier	€1
Contract size	Futures price x multiplier
Price quotation	Index point
Minimum price change	5 Index points (€5)
Contract months	2 nearest quarterly months of the Mar-Jun-Sep-Dec cycle
Expiry day	The third Friday of the expiry month at 9:05am CET (trading on the expiring contracts ceases at that time). If the Exchange is closed on that day, the contract expires on the last trading day preceding that day
Settlement	Cash
Daily settlement price	The daily settlement price is determined by CC&G according to the quantity-weighted average of the last 10% of contracts traded
Final settlement price	The value of the FTSE MIB Index, as described in the final settlement price of FTSE MIB Index futures
Block trade facility	Not available
Strategies	Time spread

FTSE MIB Dividend Index Futures

Underlying	FTSE MIB Dividend Index
Trading hours	9:00am – 5:40pm CET
Multiplier	€5
Contract size	Futures price x multiplier
Price quotation	Index point
Minimum price change	1 Index points (€5)
Contract months	The month of December in each of the next 5 years
Expiry day	The third Friday of the expiry month at 9:05am CET (trading on the expiring contracts ceases at that time). If the Exchange is closed on that day, the contract expires on the last trading day preceding it
Settlement	Cash
Daily settlement price	Determined on the basis of the quantity-weighted-average contract prices or the best bid/ask quotations observed on the market during a significant trading period
Final settlement price	Cumulative total of the relevant gross dividends paid by the individual constituents of the underlying index, calculated in index points on the day of the maturity of the related contract
Block trade facility	The order quantity is equal to or more than 5 contracts and the difference between the order price and the best prices on the trading book is not more than 2 per cent
Strategies	Time spread

FTSE 100 Mini-Futures

Underlying	FTSE 100 index
Trading hours	9:00am – 5:40pm CET
Multiplier	€2
Contract size	Futures price x multiplier
Price quotation	Index point
Minimum price change	0.5 Index point (€1)
Contract months	2 nearest quarterly months of the Mar-Jun-Sep-Dec cycle
Expiry day	The third Friday of the expiry month at 11:20am (trading on the expiring contracts ceases at that time). If this is a non-trading day for Borsa Italiana or London Stock Exchange, the maturity day shall be the last calendar trading day before it for both the Exchanges
Settlement	Cash
Daily settlement price	The daily settlement price is determined on the basis of the quantity-weighted-average contract prices or the best bid/ask quotations observed on the market during a significant trading period
Final settlement price	Equal to the value of the FTSE 100 index calculated on the last day of trading on the basis of the prices of the financial instruments composing the index recorded in the reference market with the purpose of the settlement of derivatives contracts on the FTSE 100 index
Block trade facility	The order quantity is equal to or more than 10 contracts and the difference between the order price and the best prices on the trading book is not more than 1.5 per cent
Strategies	Time spread

FTSE MIB Index Options

Underlying	FTSE MIB Index	
Trading hours	9:00am – 5:40pm CET	
Style	European	
Multiplier	€2.5	
Contract size	Strike x multiplier	
Price quotation	Index point	
Option price	Premium x multiplier	
Premium settlement	Settled in cash on the first business day after the trading day by Cassa di Compensazione e Garanzia by 9:30am CET	
Minimum price change	Premium value	Tick (€)
	1 - 100	1
	102 - 500	2
	≥ 505	5
Strikes generation	< 12 months	> 12 months
	15 strikes with intervals of 250 index points for the nearest expiry and 500 index points for the following expiries	21 strikes with intervals of 1,000 index points
Expires	< 12 months	> 12 months
	6 expiries, the 4 quarterly (Jan-Mar-Sep-Dec) plus the 2 nearest monthly	4 half yearly (Jun-Dec cycle) plus the 2 yearly (Dec) up to 5 years
Expiry day	The third Friday of the expiry month at 9:05am CET. If the Exchange is closed on that day, the contract expires on the last trading day preceding it	
Settlement	Cash	
Daily settlement price	The clearing and settlement of contracts will take place according to the procedures and time limits established in the rules issued by the Cassa di Compensazione e Garanzia	
Final settlement price	The value of the FTSE MIB Index, as described in the final settlement price of FTSE MIB Index futures	
Exercise at maturity	In-the-money options are automatically exercised on the expiration date. Exercise by exception is possible between 10.00-10.30 am. When the option buyer exercises his option the Cassa di Compensazione e Garanzia designates the writer by means of a draw	
ATM definition	The system will update the ATM series with a frequency of twice a day. This updating will happen at 9:00am and 3:45pm	
Block trade facility	The order quantity is equal to or more than 100 contracts and the difference between the order price and the best prices on the trading book is not more than 10 per cent	
Strategies	FLEXCO	

Weekly FTSE MIB Index Options

Underlying	FTSE MIB Index
Trading hours	9:00am – 5:40pm CET
Style	European
Multiplier	€2.5
Contract size	Strike x multiplier
Price quotation	Index point
Option price	Premium x multiplier
Premium settlement	Settled in cash on the first business day after the trading day by Cassa di Compensazione e Garanzia by 9:30am CET
Minimum price change	The premium tick shall be equal to 1
Strikes generation	21 strikes with intervals of 100 index points
Expirations	Contracts will be admitted to trading on the Thursdays of each month except the first and the corresponding maturity day will be the Friday of the second week following their admission to trading
Expiration day	The expiry day shall coincide with the Friday of the week subsequent to the listing of the contract; if the Friday is not a trading day, the maturity day shall be the last trading day before it. Trading shall end at 9:05am CET on the expiry day
Settlement	Cash
Daily settlement price	The clearing and settlement of contracts will take place according to the procedures and time limits established in the rules issued by the Cassa di Compensazione e Garanzia
Final settlement price	The value of the FTSE MIB Index, as described in the final settlement price of FTSE MIB Index futures
Exercise at maturity	The exercise is automatic if the option is ITM. Intermediaries can also exercise 'by exception' ATM and OTM options by 10:00am CET on the expiration day
ATM definition	The system will update the ATM series with a frequency of twice a day. This updating will happen at 9:00am and 3:45pm
Block trade facility	The order quantity is equal to or more than 100 contracts and the difference between the order price and the best prices on the trading book is not more than 10 per cent.
Strategies	FLEXCO

Single Stock Futures

Underlying	Individual shares listed on Borsa Italiana or major European markets
Trading hours	9:00am – 5:40pm CET
Multiplier	100, 500, 1000, 2500 or 5000, depending on the underlying
Contract size	Price x multiplier
Price quotation	Stock futures are quoted in Euro
Minimum price change	0.0001
Contracts month	The four nearest quarterly maturities and the two nearest monthly maturities giving a total of six maturities if the underlying consists of shares included in the FTSE MIB index or equivalent leading indices. Otherwise the nearest three-month maturity and the two nearest monthly maturities, giving a total of three maturities. For Pan-European underlyings: the four nearest quarterly maturities and the two nearest monthly maturities giving a total of six maturities
Expiry day	Italian underlying: the third Friday of the expiry month at 9:05am CET. Pan-European underlying: the third Friday of the expiry month at 5.40pm CET. In both cases, if the Exchange is closed on that day, the contract expires on the last trading day preceding it
Settlement	Italian underlying: by physical delivery of the underlying stock Pan-European underlying: by cash delivery of the underlying stock
Daily settlement price	The daily settlement price is determined by CC&G according to the theoretical value taking the reference price of the underlying and other factors into account
Final settlement price	Italian underlying: price of the underlying at the opening auction on expiry Pan-European underlying: price of the underlying at the closing auction on expiry
International give-up	Available
Block trade facility	The order quantity is equal to or more than 500 contracts and the difference between the order price and the best prices on the trading book is not more than 10 per cent
Strategies	FLEXCO

Single Stock Options

Underlying	Stocks traded on Borsa Italiana's equity market	
Trading hours	9:00am – 5:40pm CET	
Style	American	
Multiplier	100, 500, 1000, 2500 or 5000, depending on the underlying	
Contract size	Strike x multiplier	
Price quotation	Stock options are quoted in Euro	
Option price	Premium x multiplier	
Premium settlement	Settled in cash the first business day after the trading day by Cassa di Compensazione e Garanzia by 9:30am CET	
Minimum price change	€0.0005	
Strikes generation	< 12 months	> 12 months
	15 strikes with intervals defined in the relevant table	21 strikes with intervals twice the size of the intervals for the corresponding series with expiries of less than 12 months
Expires	6 expiries, the 4 quarterly plus the 2 nearest monthly. In some cases, specified in notices of Borsa Italiana, 4 half yearly (Jun-Dec cycle) expiries up to 3 years are also quoted, adding up to a total of 10 expiries	
Available long options	For stocks belonging to the 'Focus Group' of expiries up to 3 years (Assicurazioni Generali, Banca Monte dei Paschi di Siena, Enel, Eni, Fiat, Intesa SanPaolo, STMicroelectronic, Telecom Italia, Unicredit)	
Expiry day	The third Friday of the expiry month at 8:15am CET. If the Exchange is closed on that day, the contract expires on the last trading day preceding it	
Last trading day	Trading in any contract ends on the day before expiry at 5:40pm CET	
Settlement	By physical delivery of the underlying stock	
Daily settlement price	The clearing and settlement of contracts will take place according to the procedures and time limits established in the rules issued by the Cassa di Compensazione e Garanzia	
Final settlement price	The settlement price is the closing auction price of the underlying share on the last trading day	
Early exercise	Every day before expiry by 6:30pm CET, excluding in the session preceding the day for the distribution of dividends on the share underlying the contract and the session preceding the start of capital operations involving the share underlying the contract	
Exercise at maturity	The exercise is automatic if the option is ITM. Intermediaries can also exercise 'by exception' ATM and OTM options by 08:15 CET on the expiration day	
ATM definition	The system will update the ATM series with a frequency of twice a day. This updating will happen at 9:00am and 3:45pm	
International give-up	Available	
Block trade facility	The order quantity is equal or more than 500 contracts and the difference between the order price and the best prices on the trading book is not more than 10 per cent	
Strategies	FLEXCO	

Single Stock Dividend Futures

Contract underlying	The annual Gross Dividend announced and paid by European companies. Annual is defined as having gone ex between the first Business Day after the third Friday of December and the third Friday of December the following year.
Quotation	Futures price in € with 4 decimal places
Currency	Euro
Trading hours	Continuous trading: 9.00am - 5.40pm CET
Lot size	1,000 shares for Pan-European names, while Italian names are in line with standard multipliers of stock options and futures
Contract value	Value of the futures price x multiplier
Tick size	€0.0001
Expiration months	The 5 nearest successive annual contracts of the December cycle (from the first exchange day after the Last Trading Day of the calendar year up to the Final Settlement Day of the following calendar year).
Last trading day	The third Friday of each December maturity month if this is an exchange day; otherwise the exchange day immediately preceding that day.
Expiration date	3rd Friday of each December maturity at 9.05am
Settlement style	Cash
Expiration settlement date	First business day after the last trading day
Block trade facilities	No minimum size. No price validation bands for orders above 25 lots
Corporate Actions Policy	Same adjustment applied to stock options and stock futures, aligned to best international practice
Clearing and settlement	The clearing and settlement of contracts takes place using the method and timetable provided for by the rules of the Cassa di Compensazione e Garanzia as regards cash settled futures contracts; the contract is included in the equity derivatives section.

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IDEM Corporate Action Policy

In case of corporate actions events, adjustments on single stock derivatives contracts provide investors with financial equivalence to the derivatives contracts, maintaining the rights of the buyer as well as the obligation of the seller unchanged. Thanks to international co-operation with other Exchanges, Borsa Italiana provides investors with a corporate action policy aligned to the international best practice.

A Corporate Action Team and a dedicated section on Borsa Italiana's website support investors in managing corporate actions events affecting derivatives listed on IDEM.

<http://www.borsaitaliana.it/derivati/corporateactions/intro/corporateactionshome.en.htm>

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