



London
Stock Exchange

LSEDM Contract Specifications UK derivatives

Appendix 1 to MARKET NOTICE 2015/071: Expansion of UK equity derivatives segment

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Changes from current contract specifications are noted in **red**

1.0 UK derivatives

1.1 UK stock options

| Parameter | Description |
|---|---|
| Contract Underlying | United Kingdom stocks listed on the London Stock Exchange's (LSE) and listed in the London Stock Exchange Derivatives Market Product List on the LSEG Website. |
| Type of Contract | Physically settled Call and Put Option Contracts for Order book trading, Block Trading and manual Trade Reporting. Cash settled Call and Put Option Contracts are also available for Block trading and manual Trade Reporting only. |
| Central Counterparty | LCH.Clearnet. |
| Trading Hours | 08:00 – 16:30 London time for Order book trading and Block Trading 07:30 – 17:30 London time for manual Trade Reporting. |
| Exercise Window | 18:10 – 18:40 London time on Expiration Day. |
| Multiplier | 1000 Shares. This may change in specific cases in accordance with the Recalculation Rules. |
| Currency | GBX, British Pence, p |
| Quotation display | Option Premium in GBX up to two decimal places |
| Tick Size and Tick Value | Tick Size |
| | Tick Value |
| | 0.25 GBP 2.50 |
| Settlement style | Physically settled: Physical Settlement by Delivery of the Underlying stocks on Expiration Day with Daily Cash Settlement throughout the lifetime of the Contract. Cash settled: Cash Settlement on Expiration Day with Daily Cash Settlement throughout the lifetime of the Contract. |
| Option style | American style Options for Order Book trading. American style and European style Options for Block trading and manual Trade reporting. |
| Listing day | The Monday following the Expiration Day each month. Where this is not a normal Trading Day, the following Trading Day shall be used. |
| Expiration Day | Standard, The third Friday in the Expiration Month. Where this is not a normal Trading Day, the preceding Trading Day shall be used, Flexible, on any normal Trading Day out to 5 years |
| Contract lifetimes and Expiration Months | Out to 12 months: First two serial months and next four quarterly months of the “March, June, September and December” expiry cycle |
| End of Day Price | Used for margining purposes, based on the volatility surface, itself dependent on; quotes per series (if available), Underlying spot price, applicable interest rate, dividend amount (if applicable), ex-dividend date (if applicable), the second order interpolation and the arbitrage free surface. |
| Exercise Settlement Price | The London Stock Exchange Derivatives Market shall take the official closing price of the Underlying on the London Stock Exchange on Expiration Day and round up to the nearest two decimal places to establish the Expiration Settlement Price. |
| Exercise Settlement | Physically settled: Two Bank Days after Exercise for Physical Delivery against payment of Exercise Settlement Amount. Cash settled: One Bank Day after Expiration Day for payment of Expiration Settlement Amount. |
| Premium Settlement | One Bank Day after the Trade Day. |
| Tailor-made Contracts: Flexible Parameters | <ul style="list-style-type: none"> • Expiration Day (any Trading Day out to Five years) • Premium (to four decimal places) • Strike Price (to two decimal places) • Settlement style (Cash, Physical) • Option Style: American or European |

1.2 UK stock futures

| Parameter | Description |
|---|---|
| Contract Underlying | United Kingdom stocks listed on the London Stock Exchange's (LSE) and listed in the London Stock Exchange Derivatives Market Product List on the LSEG Website. |
| Type of Contract | Physically or Cash settled Futures Contracts for Block trading and manual Trade Reporting only. |
| Central Counterparty | LCH.Clearnet. |
| Trading Hours | 08:00 – 16:30 London time for Block trading 07:30 – 17:30 London time for manual Trade Reporting |
| Multiplier | 1000 Shares. |
| Currency | GBX, British Pence, p |
| Tick Size | 0.01 |
| Settlement style | Physically settled: Physical Settlement by Delivery of the Underlying stocks on Expiration Day with Daily Cash Settlement throughout the lifetime of the Contract. Cash settled: Cash Settlement on Expiration Day with Daily Cash Settlement throughout the lifetime of the Contract. |
| Expiration Day | On any normal Trading Day out to 5 years |
| Daily Settlement Price | The official closing price of the Underlying share on the London Stock Exchange on each day adjusted for Fair Value. |
| Daily Cash Settlement | One Bank Day after the Trade Day / calculation of Daily Settlement Price for cash movements of Daily Settlement Amounts. |
| Exercise Settlement Price | The London Stock Exchange Derivatives Market shall take the official closing price of the Underlying on the London Stock Exchange on Expiration Day and round up to the nearest two decimal places to establish the Expiration Settlement Price. |
| Exercise Settlement | Physically settled: Two Bank Days after Exercise for Physical Delivery against payment of Exercise Settlement Amount. Cash settled: One Bank Day after Expiration Day for payment of Expiration Settlement Amount. |
| Tailor-made Contracts: Flexible Parameters | <ul style="list-style-type: none"> • Expiration Day (any Trading Day out to Five years) • Futures Price (to four decimal places) |

1.3 FTSE 100 Index futures

| Parameter | Description | | | | |
|---|--|-----------|------------|-----|-------|
| Contract Underlying | The FTSE 100 Index. The benchmark Index for the United Kingdom. | | | | |
| Type of Contract | Cash settled Future Contracts with Daily Cash Settlement. | | | | |
| Central Counterparty | LCH.Clearnet. | | | | |
| Trading Hours | 08:00 – 17:00 London time for Order book trading and Block trading. 07:30 – 17:30 London time for manual Trade Reporting. On Expiration Day, trading finishes as soon as reasonably practicable after 10:15am once the Expiration Settlement Price of the Index has been determined. | | | | |
| Multiplier | GBP 10 per Index point. | | | | |
| Currency | GBP, British Pound, £. | | | | |
| Quotation display | Future Price in Index points. | | | | |
| Tick Size and Tick Value | <table border="1"> <thead> <tr> <th>Tick Size</th> <th>Tick Value</th> </tr> </thead> <tbody> <tr> <td>0.5</td> <td>GBP 5</td> </tr> </tbody> </table> | Tick Size | Tick Value | 0.5 | GBP 5 |
| Tick Size | Tick Value | | | | |
| 0.5 | GBP 5 | | | | |
| Settlement style | Cash Settlement on Expiration with Daily Cash Settlement throughout the lifetime of the Contract. | | | | |
| Listing Day | The Monday preceding the Expiration Day each month. Where this is not a normal Trading Day, the preceding Trading Day shall be used. | | | | |
| Expiration Day | The third Friday in the Expiration Month. Where this is not a normal Trading Day, the preceding Trading Day shall be used. | | | | |
| Contract lifetimes and Expiration Months | Out to 12 months: First four quarterly months of 'March, June, September, December' cycle. | | | | |
| Daily Settlement Price | The closing value of the FTSE 100 Index as calculated by FTSE each Trading Day at 16:35 following the closing auction on the London Stock Exchange. This value is adjusted by London Stock Exchange Derivatives Market to reflect Fair Value and rounded to two decimal places. | | | | |
| Daily Cash Settlement | One Bank Day after the Trade Day/ calculation of Daily Settlement Price for cash movements of Daily Settlement Amounts. | | | | |
| Expiration Settlement Price | The value of the FTSE 100 Expiry Index as calculated by FTSE at 10:15 on the Expiration Day or as soon as reasonably practicable, following the intraday auction on the London Stock Exchange http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/exchange-delivery-settlement-price.htm (plus up to 30 seconds random interval and any price monitoring extensions or Market Order extensions in any of the constituent Stocks). The London Stock Exchange Derivatives Market shall take this value and round to the nearest 0.5 Index points to establish the Expiration Settlement Price. Members shall be aware that the Expiration Settlement Price may vary from that trading day's highs and lows. | | | | |
| Expiration Settlement | One Bank Day after Expiration for payment of Expiration Settlement Amount. | | | | |

1.4 FTSE 100 Index options

| Parameter | Description | | | | |
|---|--|-----------|------------|-----|-------|
| Contract Underlying | The FTSE 100 Index. The benchmark Index for the United Kingdom. | | | | |
| Type of Contract | European Style, Cash settled Call and Put Option Contracts. | | | | |
| Central Counterparty | LCH.Clearnet. | | | | |
| Trading Hours | 08:00 – 17:00 London time for Order book trading and Block trading. 07:30 – 17:30 London time for manual Trade Reporting. On Expiration Day, trading finishes as soon as reasonably practicable after 10:15 once the Expiration Settlement Price of the Index has been determined. | | | | |
| Exercise Window | 18:10 – 18:40 London time on Expiration Day. | | | | |
| Multiplier | GBP 10 per Index point. | | | | |
| Currency | GBP, British Pound, £. | | | | |
| Quotation display | Option Premium in Index points. | | | | |
| Tick Size and Tick Value | <table border="0"> <thead> <tr> <th>Tick Size</th> <th>Tick Value</th> </tr> </thead> <tbody> <tr> <td>0.5</td> <td>GBP 5</td> </tr> </tbody> </table> | Tick Size | Tick Value | 0.5 | GBP 5 |
| Tick Size | Tick Value | | | | |
| 0.5 | GBP 5 | | | | |
| Settlement style | Cash Settlement. | | | | |
| Option style | European Style. | | | | |
| Listing Day | The Monday preceding the Expiration Day each month. Where this is not a normal Trading Day, the preceding Trading Day shall be used. | | | | |
| Expiration Day | The third Friday in the Expiration Month. Where this is not a normal Trading Day, the preceding Trading Day shall be used. | | | | |
| Contract lifetimes and Expiration Months | Out to 24 months: First two non quarterly months; First eight quarterly months of 'March, June, September, December' cycle. | | | | |
| End of Day Price | Price used to calculate theoretical value of Option Contract positions in order to facilitate the margining process at the clearing level. This price is calculated in accordance with standard Black Scholes options pricing model. | | | | |
| Exercise Settlement Price | The value of the FTSE 100 Expiry Index as calculated by FTSE at 10:15 on the Expiration Day or as soon as reasonably practicable, following the intraday auction on the London Stock Exchange http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/exchange-delivery-settlement-price.htm (plus up to 30 seconds random interval and any price monitoring extensions or Market Order extensions in any of the constituent Stocks). The London Stock Exchange Derivatives Market shall take this value and round to the nearest 0.5 Index points to establish the Expiration Settlement Price. Members shall be aware that the Exercise Settlement Price may vary from that trading day's highs and lows. | | | | |
| Exercise Settlement | One Bank Day after Expiration Day for payment of Exercise Settlement Amount. | | | | |
| Premium Settlement | One Bank Day after the Trade Day. | | | | |

1.5 FTSE UK Large Cap Super Liquid Index futures

| Parameter | Description | | | | |
|---|--|------------------|-------------------|-----|----------|
| Contract Underlying | FTSE UK Large Cap Super Liquid index | | | | |
| Type of | Cash settled future contracts with daily cash settlement | | | | |
| Central Counterparty | LCH.Clearnet | | | | |
| Trading Hours | 08:00 – 17:00 London time for Order book trading and Block trading. 07:30 – 17:30 London time for manual Trade Reporting. | | | | |
| Multiplier | GBP 10 per index point | | | | |
| Currency | GBP, British Pound, £ | | | | |
| Quotation display | Future price in index points | | | | |
| Tick Size and Tick Value | <table border="0"> <tr> <td>Tick Size</td> <td>Tick Value</td> </tr> <tr> <td>0.5</td> <td>GBP 5.00</td> </tr> </table> | Tick Size | Tick Value | 0.5 | GBP 5.00 |
| Tick Size | Tick Value | | | | |
| 0.5 | GBP 5.00 | | | | |
| Settlement style | Cash settlement on expiration with daily cash settlement throughout the lifetime of the contract. | | | | |
| Listing Day | Monday preceding expiration day each month .Where this is not a normal trading day, the preceding trading day shall be used. | | | | |
| Expiration Day | 3rd Friday of expiration month. Where this not a normal trading day, the preceding trading day shall be used Trading finishes at 10:15 London time. | | | | |
| Contract lifetimes and Expiration Months | Out to 12 months: first four quarterly months of 'March, June, September, December' cycle. | | | | |
| Daily Settlement Price | Closing value of FTSE UK Large Cap Super Liquid index as calculated by FTSE each trading day at 16:35 following the closing auction on London Stock Exchange. This value is adjusted by London Stock Exchange Derivatives Market to reflect fair value and rounded to two decimal places. | | | | |
| Daily Cash Settlement | One bank day after the trade day | | | | |
| Expiration Settlement Price | Value of FTSE UK Large Cap Super Liquid index as calculated by FTSE at 10:15 on expiration day or as soon as reasonably practicable, following the intraday auction on London Stock Exchange (plus up to 30 seconds random interval and any price monitoring extensions or market order extensions in any of the constituent stocks). London Stock Exchange Derivatives Market shall take this value and round it to the nearest 0.5 index point to establish the expiry settlement price. | | | | |
| Expiration Settlement | One bank day after expiration for payment of expiration settlement amount. | | | | |