

Market Notice

30 October 2015



Appendix 1 to Market Notice 2015/081: Contract specifications for UK stock options and futures with 100 share contract size

UK stock options (additions in red)

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	100 or 1000 Shares, as per the Exchange's Product List 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 0.25 (contract size 100) GBP 2.50 (contract size 1000)
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 Exercise 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 Exercise 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

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London
Stock Exchange

UK stock futures (additions in red)

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	100 or 1000 Shares, as per the Exchange's Product List	
Currency	GBX, British Pence, p	
Quotation display	Future price in GBX up to two decimal places	
Tick Size and Tick Value	Tick Size	Tick Value
	0.01	GBP 0.01 (contract size 100) GBP 0.10 (contract size 1000)
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.	
Expiration 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.	
Expiration Settlement	Physically settled: Two Bank Days after Exercise for Physical Delivery against payment of Expiration 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)	