

London Stock Exchange Derivatives

Appendix 2 to Market Notice 2015-071: Expanded UK derivatives market

Market making obligations for UK stock options

1. Expiry month obligations

Available Expiries	Primary Market Makers (PMM) are required to quote all 6 expiries up to 12 months Qualified Liquidity providers (QLPs) are required to quote the first 4 expiries (i.e. first 3 calendar months and next calendar quarter)
Exceptions	Obligations last until, and include the day preceding expiry day. Obligations are suspended on the day of Expiry (typically the third Friday of the month). Spread obligations are doubled during Fast Market conditions.

2. Spread obligations

Classes	Bid premium (GBX) v Spreads (GBX)							
	0.01 - 5.00	5.01 - 10.00	10.01- 20.00	20.01- 40.00	40.01- 60.00	60.01- 100.00	100.01- 500.00	>500.01
Class 1	3	4	6	8	11	15	20	25
Class 2	4	6	7	10	15	20	25	35
Class 3	8	8	10	13	20	25	33	65
Class 4	8	12	15	20	25	40	60	100

3. Size obligations and classes

- PMMs: Must quote in all classes with a minimum of 25 names
- QLPs: Must quote in a minimum of 20 underlyings (10 of Class 1; 7 of Class 2; 3 of Class 3)

LSEDM Underlying by Class v.s. Size (lots)

Class 1	Size	Class 2	Size	Class 3	Size
AAL	5	AV	10	ARM	5
BARC	30	BA	20	EMG	5
BLT	5	BG	10	KGF	10
BP	20	BTA	20	RSA	10
CNA	10	GLEN	20	UU	10
DGE	5	IAG	10		
GSK	10	MKS	10		
HSBA	20	MRW	10		
LLOY	100	NG	15		
PRU	10	RBS	10		
RDSB	5	RMG	10		
RIO	10	SBRY	10		
STAN	10				
TSCO	20				
VOD	100				

4. Strike coverage obligations

Contract lifetime	PMM	QLP
< 1 month	5 Out-of-the-Money (OTM) strikes 1 At-the-Money (ATM) strike 3 In-the-Money (ITM) strikes	5 OTM strikes 1 ATM strike 3 ITM strikes
< 3 months	4 OTM strikes 1 ATM strike 2 ITM strikes	4 OTM strikes 1 ATM strike 2 ITM strikes
< 12 months	3 OTM strikes 1 ATM strike 2 ITM strikes	2 OTM strikes 1 ATM strike 1 ITM strikes

5. Time obligations

Prescribed Time	Minimum 90% of London Stock Exchange Derivatives Market ordinary trading hours over each calendar month.
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