

London Stock Exchange Derivatives

LSEDM HSVF Documentation Update – Expansion of UK equity derivatives segment (UK Single Stock Options and Futures)

Further to Market Notice 2015/071 the purpose of this Technical Notice is to inform customers that the London Stock Exchange Derivatives Market (LSEDM) HSVF documentation has been updated to reflect changes to UK Stock Options tick table (GB) and the introduction of the new UK Stock Futures tick table (Gf).

The new tick tables will be available in the CDS environment on Tuesday 22 September 2015. Production go-live dates will be communicated at a later date via Market Notice following final Regulatory approvals.

An updated HSVF Technical Specification (version 3.6) can be found on the LSEDM Document Library website at the following URL: <http://www.lseg.com/derivatives/document-library>

UK Stock Futures and Options contract specifications can be found in the appendices of this document.

For technical questions please contact your Technical Account Manager or the Technical Account Management Team on +44 (0) 20 7797 3939 or londontam@lseg.com

For business questions please contact the LSE Derivatives Market Team on +44 (0) 20 7797 3833 or LSEDM.sales@lseg.com

Appendix A – 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 	

Appendix B – 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)