

# London Stock Exchange Derivatives

## MARKET NOTICE 2016/027

### New Product Launch: FTSE 100 Index weekly options

London Stock Exchange Derivatives Market (LSEDM) informs Member firms that it will be listing **new weekly options on the FTSE 100 Index** from **Tuesday 31 May 2016**. Contracts are now available for testing in the CDS environment.

Name	LSEDM Product Code	Underlying
Week 1 FTSE 100 option	W1UKX	FTSE 100 Index BBG: UKXTQ Index Reuters: FI100
Week 2 FTSE 100 option	W2UKX	
Week 4 FTSE 100 option	W4UKX	
Week 5 FTSE 100 option	W5UKX	

The launch of FTSE 100 Index weekly options will complement the existing suite of FTSE 100 Index futures, options and UK stock options on LSEDM. Weekly options will be cleared by LCH.Clearnet Ltd, and will provide margin efficiencies for investors in FTSE futures, monthly and weekly options through offsets available across these cleared derivative contracts within EquityClear.

### Key characteristics of FTSE 100 Index weekly options

- Listing and Expiry cycles:** contracts will be listed on Thursday and will expire every Friday of the month, except for the Third Friday i.e. the maturity corresponding to the Expiration Day of the FTSE 100 monthly option will not be admitted to trading.
- Contract lifetimes:** contracts listed on LSEDM will have a lifetime of up to two weeks and a day i.e. contracts listed on a given Thursday will expire on the Friday two weeks and a day later.
- Exercise Settlement Price:** contracts will settle against the official value of the FTSE 100 Expiry Index<sup>1</sup> (BBG: UKXSP Index) calculated by FTSE Russell after 12:02 London time on the Expiration Day, following the uncrossing at the end of the London Stock Exchange plc midday Intra-day auction<sup>2</sup>. This will then be rounded by LSEDM to the nearest 0.5 index point.<sup>3</sup>

<sup>1</sup> FTSE Russell will be expanding the FTSE 100 Expiry Index to calculate a daily official final value after the end of the midday intra-day auction. The FTSE 100 Expiry Index currently calculates once per month on the Third Friday. From 23 May 2015, FTSE Russell will include the daily midday intraday auction final prices within the official final index value and will also calculate "index prints" for the duration of the intraday auction.

<sup>2</sup> For further information, please see <http://www.lseg.com/sets/intra-day-auctions>

<sup>3</sup> The Exercise Settlement Price for the FTSE 100 index monthly options on LSEDM will remain unchanged (based on the value of the FTSE 100 Expiry Index after the EDSP auction starting at 10:10 London time every third Friday of the month).

4. **Market making and Order book trading:** contracts will be supported by dedicated Primary Market Makers (PMMs) quoting two weekly expiries and the monthly contract. PMMs will be able to participate in a revenue sharing arrangement.
5. **Sizes for Block Trading and manual Trade Reporting:** to support Order book trading and the development of liquidity in FTSE 100 Index weekly options, LSEDM will set a minimum size of 50 lots (within spread) for Block Trading and manual Trade Reporting. At 100 or above lots, trades will be allowed +/- 7.5% outside the spread.

**Please note:** the minimum size thresholds for FTSE Index 100 monthly options will be increased to these levels from 31 May 2016.

6. **Fees:** will be the same as for FTSE 100 Index options listed on LSEDM.

Fee	All non Market-maker accounts	Market Maker accounts
Order book Trade fee	GBP 0.16 per contract	GBP 0.00 per contract
Block trade/ trade reporting fee		GBP 0.08 per contract
Clearing fee	GBP 0.04 per contract	Order book trades GBP 0.00 per contract Block trades/ trade reporting GBP 0.02 per contract
Trade fee cap	GBP 800 per trade	GBP 400 per trade
Clearing fee cap	GBP 200 per trade	GBP 100 per trade
Assignment/ Exercise / Expiration fee	GBP 0.20 per contract	GBP 0.20 per contract
Assignment/ Exercise / Expiration fee cap	GBP 1,000 per exercise	GBP 1,000 per exercise

For further information, please refer to contract specifications, product list and market making obligations attached to this Notice. The full set of product documentation will be available on [www.lseg.com/derivatives](http://www.lseg.com/derivatives) before 31 May 2016.

Vendor codes for contracts will be confirmed via a Market Notice prior to launch.

If you have any questions, please contact the LSEDM Sales Team on +44 (0) 207 797 1562 or by email [lseadm.sales@lseg.com](mailto:lseadm.sales@lseg.com).

LSEDM Sales  
London Stock Exchange  
**Capital Markets, LSEG**

Telephone: +44 (0) 20 7797 3833  
LSEDM.sales@lseg.com  
10 Paternoster Square, London, EC4M 7LS  
[www.lseg.com](http://www.lseg.com)