

AMSTERDAM NOTICE No. 07/045

Amsterdam market

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Introduction of AEX daily options

Executive summary

As from 31 March 2008, Liffe will introduce AEX daily options. After the introduction of AEX daily options, there will be an AEX-index[®] option expiry on every regular business day.

- Following the great success of the AEX-index[®] weekly options, Liffe will introduce AEX-index[®] daily options (AEX daily options) as from 31 March 2008. AEX daily options will have the same standard contract specifications as the existing AEX-index[®] options, the only difference is their lifetime and the series introduction policy. After the introduction of AEX daily options, there will be an AEX-index[®] option expiry on every regular business day.
- The AEX daily options are listed on the business day prior to the expiry day, so the initial lifetime of daily options is two business days. The listing & expiry days and the lifetime of daily options are shown in the tables below:

Listing and expiry day of AEX daily options:

First day of trading	Expiry
Friday	Monday
Monday	Tuesday
Tuesday	Wednesday
Wednesday	Thursday

Lifetime of AEX daily options:

Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday
└──────────────────┘				└──────────────────┘									
expiry on Monday				expiry on Monday									
			└──────────┘			└──────────┘							
			expiry on Tuesday			expiry on Tuesday							
		└────────┘		└────────┘									
		expiry on Wednesday		expiry on Wednesday									
	└──────┘	└──────┘											
	expiry on Thursday	expiry on Thursday											

3. The AEX daily options will be listed in a separate option class per expiry day in a calendar month, i.e. all daily options of a calendar month will have a separate trading symbol.
 - 3.1. The trading symbol for AEX daily options consists of the letter “A” plus the day number of a month on which the option expires. In that way, the trading symbol is directly linked to the date on which a particular daily option expires.
 - 3.2. An example: the daily option that expires on Wednesday 6 February has trading symbol “A6” and is available for trading as from start of trading on Tuesday 5 February.
4. There is no daily option with an expiry on Friday since there are already weekly or monthly options with Friday as expiry day. Daily options with an expiry day on a non-business day or on a day that the exchange closes early, will not be listed.
5. Monday 31 March 2008, Liffe will start the listing of AEX daily options with the introduction of series in the A1 options class. The last day of trading of these A1 April 2008 series will be Tuesday 1 April 2008.
6. Like the AEX weekly options, AEX daily options are listed via separate trading symbols. It is not possible to execute combination orders involving options that have different trading symbols. This implies that it is not possible to use a combination order to roll a position forward to daily options that have another expiry date. In addition, it is not possible to submit combination orders that involve daily options together with weekly options or standard AEX monthly options. Trading multiple AEX-index option classes is possible by submitting separate orders per option class. Of course, it is possible to execute combination orders involving different series with the same trading symbol.
7. Comparable to the currently listed AEX-index options, the around-the-money series will have smaller series intervals in comparison to the deeper in- and out-of-the-money series. The series policy for AEX daily options is as follows:
 - 7.1. Initially, four in-the-money (ITM), one at-the-money (ATM¹) and four out-of-the-money (OTM) series will be listed. Based on the closing price of the AEX-index, additional series may be introduced to ensure that at the start of trading on the following day at least four ITM series, an ATM series and four OTM series will be available for trading.
 - 7.2. The strike price intervals are as follows:
 - 1st ITM+2nd ITM+ATM+1st OTM+2nd OTM - interval: 1 index point
 - 3rd ITM+4th ITM+3rd OTM+4th OTM - interval: 5 index points
 - 7.3. New series can be introduced intra-day by the Exchange if market circumstances require so.

¹ The option series whose price differs the least from the price of the underlying is considered to be the at-the-money series. There will be no at-the-money series in a situation where the market price of the underlying security is exactly halfway between two series.

- 7.4. In case of a considerable (intra-day) price movement the new level will be the reference for the introduction of additional series according to the minimum number of initially listed series. In the situation that a gap would arise between the newly introduced series and the existing series, the gap will not be filled with series in-between.
8. The settlement procedure for AEX daily options is equal to the standard and weekly AEX-index options contracts.
9. The contract specifications for AEX daily options classes are enclosed in the appendix.
10. The AEX daily options classes will be included in the ECC comprising the options class AEX.
11. The current PMMs and CMMs of standard AEX-index options will be offered a PMM role in AEX daily options. CMM roles for AEX daily options will not be available. Participation in AEX daily options will not be mandatory. A member can only fulfil a PMM role in the AEX daily options when the member is also liquidity provider in the standard AEX-index option.
 - 11.1. The selection of PMMs in the Daily options will not be extended during the current ELPS contract period. The current ELPS contract period ends at 24 April 2008. As the AEX daily options will be listed close to the end of the current contract period, the selection of PMMs will also not be extended during the next ELPS contract period. This means that once liquidity providers in the standard AEX-index option have taken a decision not to participate in AEX daily options they cannot join as PMM in AEX daily options at a later stage during the current or next contract period.
 - 11.2. Item 11.1 will be executed as follows: At the start of trading of AEX daily options, Liffe will issue a list of the selected PMMs in AEX daily options. Once this list is issued, no further roles will be made available in AEX daily options unless, during the current or next ELPS contract period, a new participant takes a liquidity provider role in the standard AEX-index option.
12. The spread and size obligations for liquidity providers in the AEX daily options will be equal to the spread and size obligations in the short-term AEX-index option.
13. For further information regarding this notice, please contact our sales and account management department on +31 (0)20 550 5315, or send an email to derivativesamsterdam@euronext.com.

Appendix

Contract specifications for AEX daily options

The contract specifications for AEX daily options are as follows:

Symbols	A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31
Contract size	€100 x the level of the AEX-index®
Trading unit	100
Pricing unit	In euros per index point
Currency	Euro
Option price	Premium x trading unit
Minimum price move	€0.05
Trading hours	09:01 – 17:30 CET
Option style	European
Lifetime	Provided that the day is a normal business day and provided that no other monthly or weekly AEX-index option expires on that day, the option class with symbol A1 expires on the first calendar day of a month, the option class with symbol A2 expires on the second calendar day of a month, the option class with symbol A3 expires on the third calendar day of a month, etc. The first day of trading of a daily option class is the first business day preceding the expiry day.
Last day of trading	Until 16:00 CET
Settlement	Cash settlement on the last business day based on the average of values of the AEX-index® calculated at one-minute intervals between 15:30 and 16:00 CET.
Clearing organization	LCH.Clearnet S.A.