

AMSTERDAM NOTICE NO. 14/022

Issue Date: 9 December 2014
Effective Date: 11 December 2014

INTRODUCTION OF OPTIONS ON ETFS

Executive Summary

This notice informs Members of the introduction of new American style option classes on ETFs as of 11 December 2014. This notice also invites Members to apply for Liquidity Provider roles.

1. Introduction

- 1.1 Euronext will launch options on 6 ETFs on the Amsterdam Derivatives Market on 11 December 2014. The ETF option contract specifications are similar to Individual Equity Options and a Price Pro Rata trading algorithm is applied to central order book trades. The contract specifications are shown in the attachment.
- 1.2 Options will be listed on the following ETFs:

	Name ETF	ISIN code	Option trading symbol
1	iShares MSCI Emerging Markets UCITS ETF (Dist)	IE00B0M63177	IEM
2	iShares EURO STOXX 50 UCITS ETF (Dist)	IE0008471009	EUE
3	iShares MSCI Europe UCITS ETF (Dist)	IE00B1YZSC51	IME
4	iShares S&P 500 UCITS ETF (Dist)	IE0031442068	ISS
5	iShares MSCI World UCITS ETF (Dist)	IE00B0M62Q58	IWR
6	iShares MSCI Japan EUR Hedged UCITS ETF	IE00B42Z5J44	IJP

- 1.3 The exchange trading fees are equal to the exchange trading fees that are charged for Individual Equity Options listed on the Amsterdam market.

2. Liquidity Provider information

- 2.1 For the full Liquidity Provider programme specifications including obligations and benefits please refer to the Liquidity Provider Programme Info-Flash which is available on the Euronext website: <https://derivatives.euronext.com/en/euronext-liquidity-provider-programmes/etf-options>.

- 2.2 All Members are eligible to apply for Liquidity Provider status. Members who wish to apply for a Liquidity Provider role should complete the Liquidity Provider **Registration Form**.
- 2.3 The Registration Form is available on the Euronext website: <https://derivatives.euronext.com/en/euronext-liquidity-provider-programmes/etf-options> and should be sent to the Global Analytics Department via email (LPEurope@euronext.com) by no later than **10 December 2014, midday**. Also, the applicant should provide two hard copies of the relevant completed form to Euronext for the attention of Global Analytics, 39 Rue Cambon, 75001 Paris, France to be received no later than **10 December 2014, midday**.
- 2.4 Members are reminded that the appointment of each Liquidity Provider will be subject to a binding contract (“the Agreement”) between the successful applicant and the Exchange. The Agreement will consist of the Terms and Conditions as published on the Euronext website at <https://derivatives.euronext.com/en/euronext-liquidity-provider-programmes/etf-options>, the Liquidity Provider Registration Form and, where appropriate, any Update Form. Furthermore, a successful applicant’s status, and therefore the period for which the Liquidity Provider may receive financial benefits, may not be deemed to have commenced until the relevant Liquidity Provider Registration Form or Update Form is completed and confirmed by all parties. Please note that in terms of effectiveness, the date is confirmed in writing by the Exchange.
- 2.5 In the event that any business which may give rise to a benefit under the terms of this Scheme may also qualify as business undertaken by the Liquidity Provider giving rise to a benefit under any other Exchange liquidity provision, market making or other similar scheme or arrangement, the Exchange reserves the right in its absolute discretion to take one or more of the following actions:
- a) withhold the credit of any further rebates otherwise due under the Scheme;
 - b) to re-charge some or all of the discounted transaction fees made under the Scheme; and
 - c) to terminate the Agreement by notice to the parties with immediate effect.

For further information in relation to this Notice, contact your relationship manager at eurmteam@euronext.com or:

Global Analytics	+31 (0)20 550 5110	LPEurope@euronext.com
EMS Derivatives desk	+31 (0)20 550 5050	EMSDerivatives@euronext.com

Attachment

The contract specifications for options on ETFs are as follows:

Contract size	100 shares
Trading unit	100
Pricing unit	1
Currency	Euro
Option price	Premium x trading unit
Tick size	If the premium of an order at order entry is below or equal to the premium threshold, the tick size is € 0.01 (€ 1 per contract) If the premium of an order at order entry is above the premium threshold, the tick size is € 0.05 (€ 5 per contract) The premium threshold is equal to € 0.50
Option style	American style
Trading hours	09:06 – 17:30 CET for trades in the Central Order Book 07:00 – 18:30 CET for Prof Trades
Expiry months	Initial lifetime: 1, 2 and 3 monthly options Cycle: Every month Initial lifetime: 6, 9 and 12 month quarterly options Cycle: March, June, September, December
Last day of trading	Trading ceases at 17:30 CET on the third Friday of the expiry month. In the event that the third Friday is not a business day, the Last Trading Day shall normally be the last business day preceding the third Friday.
Exercise	Exercise until 19:15 CET on any business day, Exercise until 19:45 CET on the Last Trading Day
Settlement	Delivery of 100 shares through the settlement system of LCH.Clearnet S.A.
Trading algorithm	Central order book applies a Price Pro Rata trading algorithm. With this algorithm priority is given to orders at the best price (highest for a bid, lowest for an offer). If there are several orders at this best price, equal priority is given to every order at this price and incoming business is divided among these orders in proportion to their volume.
Clearing organization	LCH.Clearnet S.A.
SPAN margin parameters	As determined by LCH.Clearnet S.A.