

U.K. Equity Options at Eurex – Increase Pan-European Coverage of STOXX® Europe 600 Components

With the introduction of U.K. equity options, Eurex has expanded its comprehensive range of derivatives on major European blue chip stocks on a single platform. Now you are able to increase your coverage of STOXX® Europe 50 and STOXX® Europe 600 components by 31 U.K. equity options. The settlement prices of the GB pence-denominated options are referenced to the underlying stock prices of The London Stock Exchange. The products extend our range of physically settled contracts as well as our members' cross margining benefits. All clearing and settlement services are provided by Eurex Clearing with home market delivery via the CREST system of Euroclear UK & Ireland Limited.

Eurex and Eurex Clearing are officially recognized as financial intermediaries in the U.K. and are thus exempted from the stamp duty reserve taxation. The exemption also automatically applies to the customer business of all Eurex Clearing members. For members fulfilling the requirements of an "options intermediary", proprietary business can be exempted from stamp duty on request.

Infrastructure requirements for trading in U.K. equity options:

- Non-Clearing Members (NCM) need an agreement with a Clearing Member (GCM or DCM) who can settle U.K. equity options via Euroclear UK & Ireland.
- For a Clearing Member (GCM or DCM), a direct connection to Euroclear UK & Ireland or a contract with a settlement services provider (Settlement Participant) for Euroclear UK & Ireland is necessary.
- Clearing Members must obtain a new CREST clearing ID from Euroclear UK & Ireland for offering this Eurex service to their customers.
- Cash transactions are settled in British pound via the Clearing Member's account at one of the defined payment banks.

Several Market Makers currently support the order book liquidity in the new products by supplying quotes. Eurex has set up an incentive scheme for Market Makers who can qualify for a 50 percent revenue sharing for a period of two years.

Mitigated Counterparty Risk for the OTC Market

The OTC facilities of Eurex Clearing add value to the market by offering central clearing and straight-through processing for bilateral trades on a single platform, thereby minimizing counterparty and credit risk. U.K. equity options can be traded via the OTC Block Trade facility with a minimum block trade size of 100 contracts and are fully fungible with order book positions. With the OTC Flexible Options facility, traders can also tailor the contracts in U.K. equity options according to their trading needs by defining parameters like exercise price, expiration date, exercise style and settlement type. Fee caps apply for both OTC Block and Flexible Options trades.

U.K. Equity Options – Underlyings

Options on	Product ID	Bloomberg Vendor Code	Options on	Product ID	Bloomberg Vendor Code
Anglo American	AHA	AAL NQ Equity OMON	Lloyds Banking Group	TSB	LLOY NQ Equity OMON
AstraZeneca	AZA	AZN NQ Equity OMON	Marks & Spencer	MKS	MKS NQ Equity OMON
Aviva	CUA	AV/ NQ Equity OMON	National Grid	NGG	NG/ NQ Equity OMON
BAE Systems	AER	BA/ NQ Equity OMON	Prudential	PRU	PRU NQ Equity OMON
Barclays	BBL	BARC NQ Equity OMON	Reckitt Benckiser	RBE	RB/ NQ Equity OMON
BG Group	BGG	BG/ NQ Equity OMON	Rio Tinto	RTZ	RIO NQ Equity OMON
BHP Billiton	BLT	BLT NQ Equity OMON	Royal Bank of Scotland	RBS	RBS NQ Equity OMON
BP	BPT	BP/ NQ Equity OMON	Royal Dutch Shell B	SHL	RDSB NQ Equity OMON
British Sky Broadcasting	BSK	BSY NQ Equity OMON	RSA Insurance Group	RYL	RSA NQ Equity OMON
BT Group	BTG	BT/A NQ Equity OMON	J Sainsbury	SAN	SBRY NQ Equity OMON
Centrica	CTR	CNA NQ Equity OMON	Standard Chartered	SCB	STAN NQ Equity OMON
Compass Group	CPG	CPG NQ Equity OMON	Tesco	TCO	TSCO NQ Equity OMON
Diageo	GNS	DGE NQ Equity OMON	Unilever	ULV	UNA NQ Equity OMON
GlaxoSmithKline	GXO	GSK NQ Equity OMON	Vodafone Group	VOD	VOD NQ Equity OMON
HSBC	HSB	HSBA NQ Equity OMON	Xstrata	XST	XTA NQ Equity OMON
Legal & General	LGE	LGEN NQ Equity OMON			

Contract Specifications

Contract Size	1,000 shares
Currency	GBP (Great British pence) – for quoting, trading and clearing
Minimum Price Change	0.25 GBP: AER, BBL, BPT, BSK, BTG, CPG, DTR, CUA, HSB, LGE, MKS, NGG, PRU, RBS, RYL, SAN, TCO, TSB, VOD, XST 0.50 GBP: AHA, AZA, BGG, BLT, GNS, GXO, RBE, RTZ, SCB, SHL, ULV
Contract Months	Up to 24 months: The three nearest successive calendar months, the three following quarterly months of the March, June, September and December cycle, and the two following semi-annual months of the June and December cycle thereafter.
Trading Hours	Order book: 09:00–17:30 CET OTC Block Trading: 09:00–18:30 CET
Last Trading Day	The third Friday of each expiration month
Settlement	Physical delivery of 1,000 shares of the underlying in CREST, 4 exchange days after exercise
Final Settlement Price	The Final Settlement Price is established by Eurex Clearing AG on the Last Trading Day and is based on the underlying closing auction prices of The London Stock Exchange.
Number of Exercise Prices	≤ 24 months: at least 7 exercise prices (3 OTM, 1 ATM, 3 ITM)
Exercise	An option can be exercised on any exchange day until 20:00 CET on the Last Trading Day (American-style).
Fees (Trading and Clearing)	0.30 GBP for A- and P-account trades 0.10 GBP/0.05 GBP for M-account trades depending on Market-Making package fulfillment
OTC Block Trade Size	100 contracts
OTC Volatility Strategy Trade with Integrated Cash Equity Leg	Delta neutral equity options trades: Straight-through processing for all legs of a volatility strategy including the equity cash leg with the delivery instruction for the cash leg being directed to CREST
OTC Flexible Options Facility	Allows customized expiration date, strike price, settlement type and exercise style
OTC Block Trade Fee Caps	Thresholds A-accounts 1,000 contracts, P-accounts 500 contracts, M-accounts 1,000 contracts
OTC Non Disclosure of Size and Price	For OTC trades above a set threshold there will be no intraday disclosure in the corresponding reports of trade size and trade price, these trades will only be reflected in the next day's open interest. The non disclosure will be enabled after the first months of trading and communicated to the market.

For Further Information Please Contact

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