

## **LONDON NOTICE No. 3024**

ISSUE DATE: 30 April 2008  
EFFECTIVE DATE: 12 May 2008

### **INTRODUCTION OF FLEXIBLE OPTION CONTRACTS ON THE PSI 20 INDEX WITHIN BCLEAR**

#### **Executive Summary**

This Notice informs Members of the introduction of new European-style exercise and American-style exercise flexible option contracts based on the PSI 20 Index ("flexible PSI 20 Index Options") within Bclear.

#### **1. Introduction**

- 1.1 This Notice informs Members that flexible option contracts on the PSI 20 Index will be introduced on Bclear with effect from Monday 12 May 2008.
- 1.2 This Notice provides Members with the following information with respect to the introduction of flexible PSI 20 Index Options:
  - (a) summary contract specifications;
  - (b) minimum volume requirements;
  - (c) access and reporting rights;
  - (d) business days and hours;
  - (e) fees; and
  - (f) the regulatory position in the United States.

#### **2. Contract Details**

- 2.1 The Exchange will make available flexible PSI 20 Index Options on Bclear only. A summary contract specification can be found in Attachment 1 to this Notice.
- 2.2 On and from Monday 12 May 2008, flexible PSI 20 Index Options shall be made available through Bclear under the terms of Exchange Contract No. 351F (the updated Contract

Web site: [www.euronext.com/derivatives](http://www.euronext.com/derivatives)

The **Euronext Derivatives Markets ("Liffe")** comprise the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets. Euronext is part of the NYSE Euronext group.

Specification will be made available in the London Market Handbook on the Liffe website ([www.nyseuronext.com/londonhandbook](http://www.nyseuronext.com/londonhandbook)) in due course).

### **3. Minimum Volume Requirement**

- 3.1 There is no minimum volume requirement in respect of transactions in flexible PSI 20 Index Options to be submitted via Bclear.

### **4. Access and Reporting Rights**

- 4.1 Direct access to Bclear is available to Members of the London market, including those affiliates of Members who have been approved by the Exchange pursuant to Rule 3601 (Rules, Book I). Other wholesale market participants who are clients of Members may have indirect access to Bclear on an intermediated basis via such Members, i.e. as is the case with their LIFFE CONNECT<sup>®</sup> business, Members will be required to perform appropriate risk management checks in relation to all client business before it is subjected to the Exchange's trade confirmation process.
- 4.2 To submit flexible PSI 20 Index Options trades via Bclear, Members will need an Index Options Subscription (NDX).
- 4.3 To claim trades only, Members will need to have the appropriate entitlement set up in the membership database.
- 4.4 To clear trades in flexible PSI 20 Index Options, Members require the relevant clearing status (GCM or ICM) and access to the Equities Trade Registration System ("Equities TRS").

### **5. Business Days and Hours**

- 5.1 Flexible PSI 20 Index Options transactions will be capable of being reported via Bclear on those market days on which the relevant underlying market is open for business. A list of market days for 2008 on which transactions in flexible PSI 20 Index Options will **not** be capable of being reported via Bclear forms Attachment 2 to this Notice.
- 5.2 Members may report flexible PSI 20 Index Options transactions to the Exchange via Bclear between 08:00 and 17:00 hours (London time), unless otherwise specified. In respect of a contract on its Expiry Day, reporting hours will end at the time trading ceases in such contract, as set out in the Contract Specification.
- 5.3 The reporting arrangements explained in Section 12 of Book II of the Rules and section 5 of this Notice will, of necessity, determine the days and hours during which the relevant transactions may be undertaken.

### **6. Fees**

- 6.1 Transaction fees will be charged on a per lot, per side basis, subject to a fee cap per transaction. For trades with multiple legs, each leg is charged separately, up to the fee cap (i.e. for these purposes, each leg is treated as a separate transaction).
- 6.2 Details of all fees, including LCH.Clearnet Ltd fees (specifically, clearing and exercise/assignment fees), applicable to PSI 20 Index Options confirmed through Bclear can be found in Attachment 3 to this Notice.

**7. U.S. Regulatory Position**

7.1 Members should note that U.S. persons are not permitted to engage in PSI 20 Index Options transactions on Bclear.

For further information in relation to this Notice, Members should contact:

Equity Product Management

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**Flexible Options on the PSI 20 Index**  
**Summary Contract Specification**

|   |   |
|---|---|
| <b>Contract</b>                           | <b>PSI 20 Index Options</b>   |
| <b>Underlying</b>                         | PSI 20 Index  |
| <b>TRS Code (American-style exercise)</b> | XPI   |
| <b>TRS Code (European-style exercise)</b> | YPI   |
| <b>Unit of Trading</b>                    | Contract valued at €1 per Index point   |
| <b>Expiry Months</b>                      | Any business day up to five years and six months from the date the contract is made |
| <b>Quotation</b>                          | Index points  |
| <b>Trading Tick Size</b>                  | 0.01  |
| <b>Trading Tick Value</b>                 | €0.01   |
| <b>Daily Settlement Price Tick Size</b>   | 0.01  |
| <b>EDSP Tick Size</b>                     | 0.01  |
| <b>Exercise (American-style exercise)</b> | Early Exercise by 17:05 London time and by 18:00 London time on last trading day    |
| <b>Exercise (European-style exercise)</b> | Exercise by 18:00 London time on last trading day only                              |
| <b>Expiry Day</b>                         | flexible  |
| <b>Time trading ceases on Expiry Day</b>  | 16:35 hours (London time)   |
| <b>Contract Standard</b>                  | Cash settlement based on Exchange Delivery Settlement Price                         |
| <b>EDSP</b>                               | Closing Index Value of the PSI 20 Index   |
| <b>Settlement Day</b>                     | First market day after day of exercise  |
| <b>Trading Hours</b>                      | 08.00 - 17.00 hours (London time)   |
| <b>Liffe market</b>                       | London  |
| <b>Platform</b>                           | Bclear only   |
| <b>Central Counterparty</b>               | LCH.Clearnet Ltd  |

**Availability of flexible PSI 20 Index Option Contracts via Bclear in 2008**

Market days in 2008 on which transactions will **not** be capable of being reported via Bclear:

**PSI 20 Index Option Contracts**

| <b>Dates unavailable for reporting via Bclear</b> |
|---|
| 25 December 2008<br>26 December 2008              |

**Fees Applicable to flexible PSI 20 Index Option Contracts confirmed via Bclear<sup>1</sup>****Flexible PSI 20 Index Option Contracts**

| Exchange fee | Clearing fee | Exercise/ Assignment fee | Cap                  |              |                          |                 |              |                          |
|--------------|--------------|--------------------------|----------------------|--------------|--------------------------|-----------------|--------------|--------------------------|
|              |              |                          | Proprietary Business |              |                          | Client Business |              |                          |
|              |              |                          | Exchange fee         | Clearing fee | Exercise/ Assignment fee | Exchange fee    | Clearing fee | Exercise/ Assignment fee |
| €0.30        | €0.05        | €0.30                    | €800                 | €200         | €1,000                   | €1,600          | €400         | €2,000                   |

<sup>1</sup> Fees will be charged on a per lot, per side basis, subject to a fee cap per transaction. For trades with multiple legs, each leg is charged separately, up to the fee cap (i.e. for these purposes, each leg is treated as a separate transaction).