

## **LONDON NOTICE No. 3260**

ISSUE DATE: 26 February 2010  
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### **OPTION CONTRACT ON FTSE 100 INDEX (EUROPEAN-STYLE EXERCISE) (EXCHANGE CONTRACT NO. 129E)**

#### **ENHANCEMENT OF THE SERIES POLICY FOR FTSE 100 INDEX OPTION CONTRACTS**

##### **Executive Summary**

This Notice informs Members of the Exchange's intention to enhance the series policy for initially introduced series in the FTSE 100 Index Option Contract (Exchange code: ESX) with effect from Monday 8 March 2010.

1. This Notice informs Members of the Exchange's intention to enhance the series policy for initially introduced series in the FTSE 100 Index Option Contract (Exchange code: ESX) with effect from Monday 8 March 2010. This will entail the introduction of additional series for the short term expiry months. The number of expiry months listed will not change.
2. In response to market feedback and after continuous monitoring of the ESX series policy, NYSE Liffe will adjust the number of initially introduced series as well as the series intervals available in respect of the FTSE 100 Index Option Contract, offering market participants more trading opportunities.
3. As a result of the adjustment, the expiry months will cover a wider range of in- and out-of-the-money series which will lead to a higher variety of delta series.
4. A revised version of Annexe One – Part III of the NYSE Liffe Trading Procedures is set out in the Attachment to this Notice and will appear on the NYSE Euronext website ([www.nyx.com/liffe](http://www.nyx.com/liffe)) in due course.

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

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**ANNEXE ONE – Part III****Series Policy for the FTSE 100 Index Option Contract**

Introduction: 8 March 2010

1. FTSE 100 Index Option Contracts will be split up into different groups depending on the remaining lifetime of the expiry month:

<b>FTSE 100 Index Options</b>		
<b>Cycle</b>	<b>Expiry months</b>	<b>Remaining Lifetime (months)</b>
Front Month	Every month	1
Short term	Every month	2, 3, 4
First year quarterly	March, June, September, December	6, 9, 12
Second year quarterly	March, June, September, December	15, 18, 21, 24

2. The exercise price of each series is fixed in accordance with the following scheme:

<b>FTSE 100 Index Interval Scheme</b>					
<b>Interval Scales</b>					
<b>Scale A</b>	<b>Scale B</b>	<b>Scale C</b>	<b>Scale D</b>	<b>Scale E</b>	<b>Scale F</b>
<b>25</b>	<b>50</b>	<b>100</b>	<b>200</b>	<b>400</b>	<b>800</b>

3. The initially introduced series will always be multiples of the intervals e.g. the 5500 series is not a multiple of 200 and will therefore not initially be introduced according to Scale D. The series can be initially introduced according to the other scales. However, if the need to have this series listed is valid and is in accordance with the Series On Request policy, the series can be requested and become available intra day. Series can be requested by calling the NYSE Liffe Market Services department on +44 (0)20 7379 2001. The Exchange reserves the right to decide whether or not to grant a request for a series.
4. The revised series policy will introduce a minimum number of series per expiry month depending on the remaining lifetime of the expiry month. The minimum number of in-the-money (ITM), at-the-money (ATM<sup>1</sup>) and out-of-the-money (OTM) series to be introduced initially will be as follows:

**≤ 1 month to expiry**

For expiry months with a remaining lifetime of up to and including 1 month:

At least 27 series

- 7 series around the money - Interval Scale A: 1<sup>st</sup> ITM+2<sup>nd</sup> ITM+3<sup>rd</sup> ITM+ATM+1<sup>st</sup> OTM+2<sup>nd</sup> OTM+3<sup>rd</sup> OTM
- 14 series - Interval Scale B: 4<sup>th</sup> ITM to 10<sup>th</sup> ITM+4<sup>th</sup> OTM to 10<sup>th</sup> OTM
- 4 series - Interval Scale C: 11<sup>th</sup> ITM+12<sup>th</sup> ITM+11<sup>th</sup> OTM+12<sup>th</sup> OTM
- 2 series - Interval Scale D: 13<sup>th</sup> ITM+13<sup>th</sup> OTM

<sup>1</sup> The option series whose price differs the least from the price of the underlying index 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.

### > 1 to ≤ 4 months to expiry

For expiry months with a remaining lifetime exceeding 1 month and up to and including 4 months:

At least 27 series

- 15 series around the money - Interval Scale B: 1<sup>st</sup> ITM to 7<sup>th</sup> ITM+ATM+1<sup>st</sup> OTM to 7<sup>th</sup> OTM
- 6 series - Interval Scale C: 8<sup>th</sup> ITM to 10<sup>th</sup> ITM+8<sup>th</sup> OTM to 10<sup>th</sup> OTM
- 4 series - Interval Scale D: 11<sup>th</sup> ITM+12<sup>th</sup> ITM+11<sup>th</sup> OTM+12<sup>th</sup> OTM
- 2 series - Interval Scale E: 13<sup>th</sup> ITM+13<sup>th</sup> OTM

### > 4 to ≤ 12 months to expiry

For expiry months with a remaining lifetime exceeding 4 months and up to and including 12 months:

At least 21 series

- 9 series around the money - Interval Scale C: 1<sup>st</sup> ITM to 4<sup>th</sup> ITM+ATM+1<sup>st</sup> OTM to 4<sup>th</sup> OTM
- 6 series - Interval Scale D: 5<sup>th</sup> ITM to 7<sup>th</sup> ITM+5<sup>th</sup> OTM to 7<sup>th</sup> OTM
- 4 series - Interval Scale E: 8<sup>th</sup> ITM+9<sup>th</sup> ITM+8<sup>th</sup> OTM+9<sup>th</sup> OTM
- 2 series - Interval Scale F: 10<sup>th</sup> ITM+10<sup>th</sup> OTM

### > 12 to ≤ 24 months to expiry

For expiry months with a remaining lifetime exceeding 12 months and up to and including 24 months:

At least 21 series

- 7 series around the money - Interval Scale C: 1<sup>st</sup> ITM+2<sup>nd</sup> ITM+3<sup>rd</sup> ITM+ATM+1<sup>st</sup> OTM+2<sup>nd</sup> OTM+3<sup>rd</sup> OTM
- 6 series - Interval Scale D: 4<sup>th</sup> ITM to 6<sup>th</sup> ITM+4<sup>th</sup> OTM to 6<sup>th</sup> OTM
- 4 series - Interval Scale E: 7<sup>th</sup> ITM+8<sup>th</sup> ITM+7<sup>th</sup> OTM+8<sup>th</sup> OTM
- 4 series - Interval Scale F: 9<sup>th</sup> ITM+10<sup>th</sup> ITM+9<sup>th</sup> OTM+10<sup>th</sup> OTM

5. The following tables provide a summary of the exercise prices per expiry month at time of listing:

Time to maturity	1 month		2,3,4 months		6,9,12 months		15,18,21,24 months	
	XIII	Scale D	XIII	Scale E	X	Scale F	X	Scale F
	XII	Scale C	XII	Scale D	IX	Scale E	IX	Scale F
	XI	Scale C	XI	Scale D	VIII	Scale E	VIII	Scale E
	X	Scale B	X	Scale C	VII	Scale D	VII	Scale E
	IX		IX		VI		VI	
	VIII		VIII		V		V	
	VII		VII		IV		IV	
	VI		VI		III		III	
	V		V		II		II	
	IV		IV		I		I	
	III	Scale A	III	Scale B	ATM	Scale C	ATM	Scale C
	II		II		I		I	
	I		I		II		II	
	ATM		ATM		III		III	
	IV	Scale B	IV	Scale C	IV	Scale D	IV	Scale E
	V		V		V		V	
	VI		VI		VI		VI	
	VII		VII		VII		VII	
	VIII		VIII		VIII		VIII	
	IX	Scale C	IX	Scale D	IX	Scale E	IX	Scale F
	X		X		X		X	
	XI	Scale C	XI	Scale D				
	XII	Scale C	XII	Scale D				
	XIII	Scale D	XIII	Scale E				

6. A price established on a trading day (T) will be the reference price used to determine the introduction of additional series on the next trading day (T+1) in order to have at least the minimum number of in- and out-of-the-money series listed.