



Options On Three Month Short Sterling Future

Contract Specifications

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| Description | Option which delivers into the nearest three month Short Sterling futures contract |
| Commodity Code | L |
| Unit of Trading | One Three Month Sterling Futures Contract |
| Expiry Months | March, June, September, December, and four serial months, such that twelve expiry months are available for trading, with the nearest six expiry months being consecutive calendar months. |
| Contract Standard | Assignment of one Three Month Sterling futures contract for the delivery month at the exercise price. The futures delivery month associated with each expiry month shall be: March in respect of January, February and March expiry months; June in respect of April, May and June expiry months; September in respect of July, August and September expiry months; December in respect of October, November and December expiry months. |
| Last Trading Day | For quarterlies, third Wednesday of the expiry month. On the Last Trading Day, trading in the expiring month will cease at 11:00. For serials, Friday before the third Wednesday of the expiry month. On the Last Trading Day, trading in the expiring month will cease at 15:15. |
| Exercise Deadline | For quarterlies, exercise by 17:00 on any business day including the expiry day. For serials, exercise by 17:00 on any business day, brought forward to 16:00 on the Last Trading Day. |
| Delivery Date | Delivery on the first business day after the exercise day |
| Minimum Price Fluctuation | 0.0025 (£3.125) |

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| Exercise Price Intervals | 0.125, (i.e. 0.125%) e.g. 94.00, 94.125, 94.25 etc for all expiry months |
| Introduction of New Exercise Prices | <p>For all contract months:</p> <p>A minimum of 13 Strike Prices in increments of 0.125 above and below the at-the-money Strike Price. The “at-the-money” strike price is the closest interval nearest to the previous business day’s settlement price of the corresponding underlying future. Strike Price boundaries are adjusted according to futures price movements. User-defined Strike Prices are allowed in 0.125 increments.</p> |
| Algorithm | Central order book applies a gradual time based pro-rata (GTBPR) matching algorithm with a time-weighting of 1 (ie the algorithm is effectively a priority pro-rata matching algorithm) with priority given to the first order at the best price subject to a minimum order size (collar) and limited to a maximum order size (cap). |
| Block Trades | Block Trading |
| Option Premium | The contract price is not paid at the time of purchase. Option positions, as with futures position, are settled-to-market daily giving rise to positive or negative variation margin flows. When the Buyer exercises/abandons an option, the Buyer is required to pay the original contract price to the Exchange's Clearing Houser (CH) and the CH will pay the original option price to the Seller on the following business day. Such payments will be netted against the variation margin balances of Buyer and Seller by the CH. |
| Other Information | Potential users of the Options on Sterling Futures Contracts should familiarise themselves with the terms of these contracts and with the terms of the Underlying Futures Contract. |