

EURONEXT DERIVATIVES

ETF Options

Additional trading opportunities

The Euronext ETF Option with iShares Core EURO STOXX 50 UCI as underlying completes our growing ETF franchise and offers additional trading opportunities.

New asset classes

Through the existing simple option structure, market participants have access to broad and diversified index exposure.

Who are ETF Options for?

Investors who use options on ETFs as a risk management tool to hedge their existing positions or to create leveraged strategies.

Options on ETFs provide the same risk management and portfolio enhancement opportunities as individual equity options. They combine the diversification benefits of ETFs with the flexibility of options. Through ETF options market participants can adopt different trading strategies depending on the market outlook.

Options on ETFs offer investors, especially those already invested in ETFs, an efficient tool to hedge or leverage their ETF investments in a transparent and reliable exchange environment. For central order book trades a Price Pro Rata trading algorithm is applied, as explained in the contract specifications.

Benefits:

- Opportunity to trade new underlying assets through a well-known vehicle
- Competitive pricing throughout the trading day provided by Market Makers
- Central order book trading via Euronext's state-of-the-art technology, as well as wholesale trading through the Large-in-Scale Facility
- Clearing of trades through LCH SA

Contract Specifications - ETF Options

CONTRACT NAME	EUE Option
EXCHANGE CONTRACT CODE	EUE
UNDERLYING	iShares Core EURO STOXX 50 UCI
CONTRACT SIZE	One option normally equals rights over 100 underlying shares
UNIT OF TRADING	100
PRICING UNIT/QUOTATION	Euros per share

MINIMUM PRICE MOVEMENT (TICK SIZE AND VALUE)	<p>Central Order Book:</p> <p>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)</p> <p>If the premium of an order at order entry is above the premium threshold, the tick size is €0.05 (€5 per contract)</p> <p>The premium threshold is equal to €0.50</p> <p>Large-in-Scale Facility: €0.01 (€1 per contract)</p>
OPTION STYLE	<p>American style</p> <p>Holders of long positions are entitled to exercise their options before the expiration date</p>
EXPIRY MONTHS	1, 2, 3 monthly; 6, 9, 12 months quarterly (of the March, June, September, December cycle)
INTRODUCTION OF NEW EXPIRY MONTHS	New expiry months are available for trading on the first business day after the expiry of a maturity
WHOLESALE SERVICES	Large-in-Scale Facility
EURONEXT MARKET	Amsterdam
LAST TRADING DAY	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 is possible until 19:15 CET on any business day, extended to 19:45 CET on the Last Trading Day
SETTLEMENT	Physical delivery of 100 shares (or other such number of shares as determined by the terms of the contract) through the settlement system of LCH SA
SETTLEMENT DAY	Two business days after the exercise day
OPTION PREMIUM	Payable in full by the buyer on the business day following a transaction
CLEARING ORGANISATION	LCH SA
TRADING HOURS	<p>Central Order Book: 09:06 – 17:30 CET</p> <p>Large-in-Scale Facility: 07:00 – 18:30 CET</p>
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

Find out more

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