

# Activities Related to the Expiry Day of Options on Shares with Physical Delivery

Version 2.1

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**EURONEXT CLEARING**

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# 1. Introduction

Activities related to the expiry day of options on shares are disciplined by Article B.6.1.2 of the [Instructions](#) and by [Annexes](#) B.611, letter B) and B.612, while information regarding clearing reports provided by Euronext Clearing on this day (Reports MX01 and MX04) are indicated in the [Technical Manual](#).

Given the importance of these activities, it is necessary to provide with this document, a handbook of all the tasks that will be undertaken. This covers scenarios under ordinary operations and in case of emergencies, where Euronext Clearing experiences a malfunction of its Technological Infrastructure (BCS). Please use in case of necessity, the contact details provided in this document.

## 2. Ordinary Operation

At the end of the last trading day of options on shares (the day before the expiry day), Euronext Clearing produces and makes available to Members, through the Technological Infrastructure (BCS and ICWS), the Report **MX01** containing the proposals for the automatic exercise of positions considered "In-the-Money" and for the non-exercise of positions considered "Out-of-the-Money" and "At-the-Money".

The exercise and non-exercise proposals are performed by Euronext Clearing for each Member on the basis of the difference between the strike prices for the options series (for which long positions are open) and the reference prices of the respective underlying.

In the case where a Member intends to accept all exercised and non-exercised proposals indicated by Euronext Clearing, it does not need to perform any operations on the expiry day.

On the contrary, if a Member intends to make choices different from those proposed by Euronext Clearing, detailed in the Report MX01, it must express this through the BCS, no later than 08:15 CET of the expiry day, with requests for "**Exercise by exception**"<sup>1</sup> (so-called Ex by Ex) following the instructions indicated below:

- in order not to exercise all - or part of - the option positions indicated in column "Automatic Exercise" of Report MX01, the Member will indicate with the number zero (for a total abandonment) or the desired number of positions that are to be exercised.
- In order to exercise option positions indicated in column "Not-Auto Exercise" of Report MX01 (in absence of a different instruction by the Member these would be automatically abandoned), the Member must indicate the number of those they wish to exercise.

Note that the last exercise by exception request sent supersedes any request previously sent for the same option series and account.

The technical information on using the "Exercise by exception" can be found in the [BCS Manual](#). Technical assistance for the BCS is also available by phone on +39 02 45411399 and 0080026772000 and by e-mail [Client-Support@euronext.com](mailto:Client-Support@euronext.com).

After the period allowed for submission of requests for "Exercise by exception" has elapsed, namely after 08:15 CET, Euronext Clearing shall exercise the corresponding option rights of the Members with long positions and randomly assign these to the Members with short positions, providing the interested Members with the information about the exercises and assignments on the BCS.

After the assignment phase, Euronext Clearing produces and makes available to Members through the Technological Infrastructure (BCS and ICWS), the Report **MX04** containing the assigned option positions, with evidence (indicated by an asterisk in the last column) of the series that have been subject to "Exercise by exception".

<sup>1</sup> According to Article B.6.1.2 paragraph 2 of the Instructions, the exercise by exception is allowed only for options that provides the physical delivery of the underlying.

# 3. Operation in Case of Malfunction of the Technological Infrastructure (BCS) – Contingency Procedure

In case of malfunction of the Technological Infrastructure (BCS), the expiry day activities on options on shares will be carried out by the Members according to the below:

## Reports MX01 and MX04

In the case where the Reports MX01 and MX04 are not available on the BCS either due to technical problems or otherwise, they can be downloaded from the ICWS. For this purpose it is recommended that Members check periodically the appropriate operation of this application and the expiration of the authorized users. For information about this, please contact Euronext Clearing by phone on +39 0632395210 or by e-mail [ccp-techsupport@euronext.com](mailto:ccp-techsupport@euronext.com).

In extreme cases, the above mentioned Reports may be requested from Euronext Clearing via e-mail at [ccp-operations@euronext.com](mailto:ccp-operations@euronext.com), provided that the request is sent by the Contractual Representative or by the personnel delegated to exercise, in non-electronic form, the management powers set forth in Article B.1.1.1, paragraph 1), letter h) of the [Instructions](#). For this purpose, it is recommended to always keep up to date the names of the personnel delegated to exercise management powers. For information about this, please contact Euronext Clearing by phone on +39 0272426627 or by e-mail [ccp-membership@euronext.com](mailto:ccp-membership@euronext.com).

## Exercise by exception or its revocation

In case of malfunction of the BCS, the "Exercise by exception" or its possible revocation may be requested in writing to Euronext Clearing via ICWS (Upload function) or, in case of malfunction of it, via fax on +39 06 32395241, as soon as possible, and no later than 08:15 CET, using the appropriate form **RD010** provided in [Annex 1](#), also available in editable version on the website of Euronext Clearing at section "[Operations-Forms](#)".

To be valid, the form must include the company's stamp and the signature of the Contractual Representative or of the personnel delegated to exercise, in non-electronic form, the management powers, set forth in Article B.1.1.1, paragraph 1), letter h) of the [Instructions](#) (for Clearing Members) and in Article B.1.1.2, paragraph 1), letter d) of the [Instructions](#) (for Trading Clients). For this purpose, it is recommended to always keep up to date the names of the personnel delegated to exercise management powers. For information about this, please contact Euronext Clearing by phone on +39 0272426627 or by e-mail [ccp-membership@euronext.com](mailto:ccp-membership@euronext.com).

Euronext Clearing will not accept any request sent via ICWS or fax signed by non authorized people.

### **Communications**

In case of malfunction of the Technological Infrastructure (BCS / ICWS), Euronext Clearing may inform Members via e-mail using the contact details provided by the Members through the [Member-Portal](#). For this purpose, it is recommended to always keep up to date the names of the referents entitled to receive the communications from Euronext Clearing. This can be done through the portal mentioned above. For information about this, please contact Euronext Clearing by phone on +39 0272426627 or by e-mail at [ccp-membership@euronext.com](mailto:ccp-membership@euronext.com).

# 4. Annexes

## ANNEX 1 RD010 – EXERCISE BY EXCEPTION REQUEST

### EXERCISE BY EXCEPTION REQUEST



As of date: \_\_\_\_\_ Seq. N. \_\_\_\_\_

Member: \_\_\_\_\_

Member's code: \_\_\_\_\_

Mnemonic code: \_\_\_\_\_

Contact: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

Phone: +39 06 32395 303

Fax: +39 06 32395 241

Indicate the number of lots you intend to effectively exercise.

Where you do not wish to exercise options indicated in Report MX01 at the column «Automatic Exercise», you must indicate the number zero or the number of lots you intend to effectively exercise.

Where you wish to exercise options indicated in Report MX01 at the column «Non Automatic Exercise» (that without an express request are abandoned), you must indicate the number of lots you intend to exercise.

The Exercise Request indicated in this form cancels and replaces any previous exercise, referred to the same series/account, sent to the clearing system.

Exercise	Account House / Client	Subaccount	SERIES				Positions Number
			Call / Put	Symbol	Expiry	Exercise price	
Exercise							
Exercise							
Exercise							
Exercise							
Exercise							

This form shall be used only in the event of malfunction of the BCS

The Member  
(Stamp and Signature)

**Mod. RD010**

## 5. Contact Details

### Clearing helpdesk (from 7:30 CET)

- Tel.: +39 0632395-321, 227, 246, 223, 224, 220, 262, 467, 459
- Fax: +39 0632395241
- E-mail: [ccp-operations@euronext.com](mailto:ccp-operations@euronext.com)

### BCS support (from 7:30 CET)

- Tel.: +39 02 45411399
- Tel.: 0080026772000
- E-mail: [Client-Support@euronext.com](mailto:Client-Support@euronext.com)

### ICWS helpdesk

- Tel.: +39 06 32395210
- E-mail: [ccp-techsupport@euronext.com](mailto:ccp-techsupport@euronext.com).

### For support in updating the names of the personnel delegated to exercise the management powers and the referents entitled to receive the communications from Euronext Clearing

- Tel.: +39 02 72426-627, 358
- E-mail: [ccp-membership@euronext.com](mailto:ccp-membership@euronext.com)

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