

WEEKLY OPTIONS ON ETFs

Fast Facts:

Who are Options on ETFs for?

Options on ETFs provide investors who use ETFs with a risk management tool to hedge their existing positions or to create leveraged strategies.

What are Weekly Options on ETFs?

These options expire every Friday, giving more flexibility to market participants when trading options on ETFs.

Why trade Weekly Options on ETFs?

Weekly options on ETFs facilitate short-term trading strategies, offering more trading opportunities.

How do Weekly Options on ETFs work?

- Two-week lifetime from Friday to Friday
- Short lifetime means a relatively low premium and high leverage
- Trading symbols start with a number: 1**, 2**, 4** and 5**, followed by two characters
- Number indicates on which Friday of the month the contract expires
- There is no 3** as the standard Monthly ETF option expires on the third Friday of the expiry month
- Cleared via LCH.Clearnet S.A.
- Competitive pricing throughout the trading day provided by Liquidity Providers
- Central order book trading, as well as wholesale trading through the Large-in-Scale Facility

ETFs are among the fastest growing investment product classes worldwide. With their success comes the need for additional trading and hedging possibilities. Options on ETFs provide these opportunities.

Options on ETFs offer the same risk management and portfolio enhancement opportunities as individual equity options with physical delivery of the underlying ETF upon exercise. They combine the diversification benefits of ETFs with the flexibility of options.

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.

Euronext has launched options on some of the top global equity index ETFs, to allow clients to trade regional and global market movements through one efficient trade.

The introduction of weekly options on ETFs complements the standard monthly options on ETFs, by providing new trading opportunities which come with some specific advantages:

- Anticipate time-specific events and sudden price movements:
 - limit risk to two weeks' worth of premium
- Trade the same strategies as longer-dated options, but four times each month:
 - additional ability to trade weeklies against monthly options
 - contract specifications mirror monthly contracts
- Compared to longer maturities, short-term options have:
 - a high Theta: play the time decay heading to expiry
 - a high Gamma: generate greater benefits from small price movements due to leverage.

Euronext's range of weekly options on ETFs

OPTION NAME	OPTION TRADING SYMBOL				UNDERLYING ¹	ISIN CODE
	Last Trading Day					
	First Friday of the month	Second Friday of the month	Fourth Friday of the month	Fifth Friday of the month		
EUE WEEKLY OPTION	1EU	2EU	4EU	5EU	iShares EURO STOXX 50 UCITS ETF (Dist)	IE0008471009
IME WEEKLY OPTION	1IC	2IC	4IC	5IC	iShares MSCI Europe UCITS ETF (Dist)	IE00B1YZSC51
IEM WEEKLY OPTION	1IG	2IG	4IG	5IG	iShares MSCI Emerging Markets UCITS ETF (Dist)	IE00B0M63177
IJP WEEKLY OPTION	1IJ	2IJ	4IJ	5IJ	iShares MSCI Japan EUR Hedged UCITS ETF	IE00B42Z5J44
ISF WEEKLY OPTION	1IZ	2IZ	4IZ	5IZ	iShares Core FTSE 100 UCITS ETF (Dist)	IE0005042456
ISS WEEKLY OPTION	1IS	2IS	4IS	5IS	iShares S&P 500 UCITS ETF (Dist)	IE0031442068
IWR WEEKLY OPTION	1IW	2IW	4IW	5IW	iShares MSCI World UCITS ETF (Dist)	IE00B0M62Q58

¹ The referential use of the name of the indices is necessary to indicate the underlying value and performance of the Financial Product. These indices may be registered as trademark by third parties. Euronext Financial Products are not sponsored, endorsed, sold or promoted by those third parties.

Contract Specifications: weekly options on ETFs

TRADING SYMBOL	1**, 2**, 4**, 5**
CONTRACT SIZE	100 shares
TRADING UNIT	100
PRICING UNIT	1
CURRENCY	Euro
OPTION PRICE	Premium x trading unit
MINIMUM PRICE MOVEMENT	€ 0.01
WHOLESALE SERVICES	Large-in-Scale Facility
EURONEXT MARKET	Amsterdam
TRADING HOURS	Central Order Book 09:06 – 17:30 CET Large-in-scale Facility 07:00 – 18:30 CET
OPTION STYLE	American
LIFETIME	From the Friday two weeks before the expiration day
LAST DAY OF TRADING	Trading ceases at 17:30 CET on the Friday for the contract in question, either the first, second, fourth or fifth Friday of the expiry month
SETTLEMENT	Physical delivery of 100 shares through the settlement system of LCH.Clearnet S.A.
TRADING 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.
CLEARING ORGANISATION	LCH.Clearnet S.A.

Note: these specifications are subject to modification.

Find out more

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