

Options On Long Gilt Future

Contract Specifications

Description	Physically settled options contract on Long Gilt futures
Contract Symbol	R
Unit of Trading	One Long Gilt Futures contract
Contract Series	March, June, September, December, and two serial months, such that 4 delivery months are available for trading, with the nearest three delivery months being consecutive calendar months
Contract Standard	Assignment of one Long Gilt futures contract for the expiry month at the exercise price. The futures delivery month associated with each option 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; and December in respect of October, November and December expiry months.
Last Trading Day	The last Friday prior to the first calendar day of the expiry month which is followed by at least two business days in the month preceding the expiry month. On the Last Trading Day, trading in the expiring month will cease at 15:15.

Contract Specifications

	Exercise by 17:00 on any business day, brought forward to 16:00 on the Last Trading Day.
	Exercise Price Intervals £0.50 e.g. £102.00, £102.50 etc.
Exercise Procedure	For all contract months: A minimum of 7 Strike Prices in increments of 0.50 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 0.50 increments.
Delivery Date	The first business day after the exercise day
Quotation	Multiples of 0.01
Minimum Price Fluctuation	0.01 (£10)
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).
Wholesale Trade Types	Block Trading, Asset Allocation Minimum Volume Thresholds can be found here
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 House (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.
Additional Information	Potential users of the Options on Government Bond Contracts should familiarise themselves with the terms of these contracts and with the terms of the Underlying Futures Contract.