

Business and Technical Overview

ASX Derivatives Clearing System
Introduction of Weekly and Serial Options

VERSION 0.3

SEPTEMBER 2016



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1 Acronym Glossary

Acronym	Definition
ATM	At the Money
CCC	Central Clearing Controller (component of DCS)
CHESS	Clearing House Electronic Sub-System
DCS	Derivatives Clearing System
DPS	Derivatives Pricing Service
EOD	End of Day
ETL	Extract, Transform, Load
ETO	Exchange Traded Option
FAQ	Frequently Asked Questions
LEPO	Low Exercise Price Option
MCM	Members Clearing Module
OTC	Over the Counter
QSI	Quoted Security Indicator
RMS	Risk Management System
S&P	Standard and Poor
SPI	Share Price Index (ASX Trade24)
WMS	Warrant Maintenance System
XJO	S&P/ASX200 Index

2 Introduction

This document details the introduction of a number of new weekly and serial options, both Single Stock and XJO; for both ETOs and LEPOs.

ASX is to list the following new option products (ETOs and LEPOs) on ASX Trade:

2.1 Product Listing

Refer to *4.2 Appendix 2: Product Listing Cycle Samples* for examples of various listing scenarios for both Single Stock and XJO options.

Single Stock Weekly ETO

Single Stock Weekly ETOs have the same characteristics as Single Stock ETOs, other than the expiration date and modified billing. New Single Stock Weekly ETOs would be listed on a Thursday for trading on the Friday.

Single Stock Weekly LEPO

Single Stock Weekly LEPOs have the same characteristics as Single Stock LEPOs, other than the expiration date and modified billing. Single Stock Weekly LEPOs would be listed on a Thursday for trading on the Friday.

XJO Weekly ETO

XJO Weekly ETOs have the characteristics as XJO Monthly ETOs, other than expiration date. XJO Weekly ETOs would be listed on a Thursday for trading on the Friday.

XJO Weekly LEPO

New XJO Weekly LEPOs will have the same characteristics as standard LEPOs, other than the expiration date. They would be listed on a Thursday for trading on the Friday.

XJO Serial ETO

XJO Serial ETOs are an extension to the current XJO Serial ETO expiries, by listing two additional contract months. This change will result in the XJO ETO Class having a monthly maturity for the front 6 months, as opposed to currently having only the front 3 months listed.

XJO Serial LEPO

XJO Serial LEPOs are an extension to the current XJO Serial LEPO expiries by listing two additional contract months. This change will result in the XJO LEPO Class having a monthly maturity for the front 6 months, as opposed to currently having only the front 3 months listed.

2.2 Weekly Product Listing Regime

The tables shown below give examples of the listing regime for Weekly ETOs and LEPOs for Single Stock and XJO.

Weekly ETOs and LEPOs are to be listed on the Thursday night following expiry, for trading commencement on the Friday. Should Thursday be a non-trading day then set up will occur on the last trading day immediately prior.

Weekly ETOs and LEPOs will expire on a Thursday.

Weekly ETOs and LEPOs will NOT be listed in the week where the Weekly option would expire alongside of the monthly option (i.e. third Thursday of the month).

Weekly ETOs and LEPOs are to be listed 3 weeks out.

Note that sample dates are shown in the examples.

Single Stock	XJO
4/2/16	4/2/16
11/2/16	11/2/16
18/2/16	

- XJO Weekly not listed on 18/2/16 due to XJO Monthly expiry
- These Weeklies will continue to be listed until Thursday 11/2/16, when the following Weeklies will be available for trading on Friday 12/2/16

Single Stock	XJO
11/2/16	11/2/16
18/2/16	
	25/2/16

- SS Weekly not listed on 25/2/16 due to SS Monthly expiry
- These Weeklies will continue to be listed until Thursday 18/2/16, when the following Weeklies will be available for trading on Friday 19/2/16

Single Stock	XJO
18/2/16	
	25/2/16
3/3/16	3/3/16

- XJO Weekly not listed on 18/2/16 due to XJO Monthly expiry
- SS Weekly not listed on 25/2/16 due to SS Monthly expiry
- These weeks will continue to be listed until Thursday 3/3/16, when we will ensure that the following weekly expiries are available for trading on Friday 4/3/16

Single Stock	XJO
	25/2/16
3/3/16	3/3/16
10/3/16	10/3/16

- SS Weekly not listed on 25/2/16 due to SS Monthly expiry

2.3 Associated Changes

Span Parameter, Reference Price & PRIEX Files

ASX Trade Coding Convention

Changes to the naming convention for XJO options will be introduced. The convention will now include a day designation for Weekly XJO options. Refer *Appendix 1: XJO Naming Convention Changes*.

DCS/MCM Coding Convention

The DCS coding convention for weekly Derivative Products will be:

- Weekly Single Stock and Index ETOs: W appended to monthly code e.g. BHPW, XJOW
- Weekly Single Stock and Index LEPOs: L Suffix replaced by V e.g. BHPV
- Weekly dummy future for pricing Index Options: F Suffix replaced by U e.g. BHPU, XJOU

SPAN Coding Convention

The SPAN coding convention (denoted by the column heading SPAN_SYMBOL in the PRIEX file) for weekly product family (Commodity) codes will be:

- All codes will be prefixed by a number indicating the number of weeks out for that given month e.g. 1XJOWE, 1BHPA, 1BHPE, 1BHPV, 1XJOU, 2XJOWE, 2BHPA, 2BHPE, 2BHPV, 2XJOU
- Note that where a monthly expiry for Index options occurs for example, there will be no weekly listed for that week and consequently there will be number missing - if week 2 is a monthly expiry for Index options but not for Single Stock, the listed Options would be:
 - 1XJOWE, 1BHPA, 1BHPE, 1BHPV, 1XJOU
 - 2BHPA, 2BHPE, 2BHPV – *XJO monthly expiry – no XJO weekly*
 - 3XJOWE, 3XJOU

Some sample codes and their descriptions:

Code	Description
1XJOU	XJO Future - Weekly Dummy – 1 st week of month expiry
1XJOV	XJO Weekly LEPOs - 1 st week of month expiry
3XJOU	XJO Future - Weekly Dummy - 3 rd week of month expiry
3XJOV	XJO Weekly LEPOs - 3 rd week of month expiry
1XJOWE	XJO Weekly Option – European - 1 st week of month expiry
3XJOWE	XJO Weekly Option – European - 3 rd week of month expiry
1AMPV	AMP Weekly LEPOs - 1 st week of month expiry
2AMPV	AMP Weekly LEPOs - 2 nd week of month expiry
1AMPWA	AMP Weekly Options – American - 1 st week of month expiry
2AMPWA	AMP Weekly Options – American - 2 nd week of month expiry

PRIEX Coding Convention

Within the PRIEX file, the SPAN_Symbol used to identify the new Weekly & Serial options will use the SPAN coding convention outlined in the previous section.

PRIEX Reporting

A number of changes will be made to the PRIEX file to simplify the identification the new Weekly & Serial options:

1. Changed usage of the existing **Underlying** column to show the SPAN underlying value (column name of **Underlying** will remain however).
2. The addition of a new column to contain the DCS Underlying value (named **DCS_Underlying**) on the far right.
3. The addition of a new column to contain the DCS Derivative Product Code value (named **DCS_DerivProd**) on the far right.

PRIEX, SPAN and Reference Prices File samples

Refer to 4.3 *Appendix 3: PRIEX File Sample*. Format change as described above.

Refer to 4.4 *Appendix 4: SPAN File Sample*. No format changes.

Refer to 4.5 *Appendix 5: Reference Prices File Sample*. No format changes.

Span Reporting

An additional SPAN file will be available between 5am and 6am to provide a start of day view. This new file will be made available via the ASX Online ReferencePoint Derivatix service. This will ensure that prices for the new Weekly and Serial options will be available at start of day.

There will be no change to the current EOD SPAN File. However an optional intraday SPAN file service which generates hourly updates will be available via the ASX Online ReferencePoint Derivatix service. This first hourly SPAN file will be generated at 11.00 am.

The PE tag uniquely defines an option series within SPAN. The PE tag will obey the following format for Single Stock Weekly ETOs and LEPOs:

Convention	Details																												
New	<p>yyyymmddx</p> <p>where:</p> <p>yyyy = 4 digit year of expiry e.g. 2014.</p> <p>mm = 2 digit month of expiry e.g. 03 for March.</p> <p>dd =</p> <ol style="list-style-type: none">1. For standard ETO with <i>weekly or</i> monthly expiries, dd = 002. contracts with non-standard expiries, dd = two digits expiry date (e.g. OTC contract expiring 25/3/2014 would have dd=25) <p>x = A digit to differentiate between SPAN series if there are more than one SPAN series in the same product family with the same underlying and expiry date but different contract sizes. This can occur under certain corporate action scenarios such as mergers and also with OTC contracts. If there is only one SPAN series for the same product family, underlying and expiry date then x = 0. If there are more than one series then the first series is <i>yyyymmdd0</i>, the second is <i>yyyymmdd1</i>, the third is <i>yyyymmdd2</i>, and so on. The allocation of x is done dynamically each day so x can change.</p> <p>Note that the default PE of 000000 is used for the underlying product.</p> <p>Example:</p> <table><tr><th>Product code</th><th>Description</th><th>Expiry Date</th><th>PE Tag</th></tr><tr><td>1XJOWE</td><td>XJO Week 1 European option series</td><td>20150702</td><td>201507000</td></tr><tr><td>2XJOWE</td><td>XJO Week 2 European option series</td><td>20150611</td><td>201506000</td></tr><tr><td>4XJOWE</td><td>XJO Week 3 European option series</td><td>20150625</td><td>201506000</td></tr><tr><td>1AMPWA</td><td>AMP Week 1 American option series</td><td>20150702</td><td>201507000</td></tr><tr><td>2AMPWA</td><td>AMP Week 2 American option series</td><td>20150611</td><td>201506000</td></tr><tr><td>3AMPWA</td><td>AMP Week 3 American option series</td><td>20150618</td><td>201506000</td></tr></table>	Product code	Description	Expiry Date	PE Tag	1XJOWE	XJO Week 1 European option series	20150702	201507000	2XJOWE	XJO Week 2 European option series	20150611	201506000	4XJOWE	XJO Week 3 European option series	20150625	201506000	1AMPWA	AMP Week 1 American option series	20150702	201507000	2AMPWA	AMP Week 2 American option series	20150611	201506000	3AMPWA	AMP Week 3 American option series	20150618	201506000
Product code	Description	Expiry Date	PE Tag																										
1XJOWE	XJO Week 1 European option series	20150702	201507000																										
2XJOWE	XJO Week 2 European option series	20150611	201506000																										
4XJOWE	XJO Week 3 European option series	20150625	201506000																										
1AMPWA	AMP Week 1 American option series	20150702	201507000																										
2AMPWA	AMP Week 2 American option series	20150611	201506000																										
3AMPWA	AMP Week 3 American option series	20150618	201506000																										

Margin Estimator

The Margin Estimator tool allows customers to calculate the estimated margin on a sample position. An enhancement to the Margin Estimator addresses the current 1 day lag from listing of new strikes to availability on the Margin Estimator tool.

Invoicing

New ASX Fee Categories will be introduced for each new product. The applicable fees are expected to be in line with existing products.

Reporting and Data Services

This section addresses reporting and data feeds for new Weekly and Serial ETOs and LEPOs.

There are no changes to either reporting or data feeds to accommodate the new products. The exception being the DCS Expiry Monitoring report which provides in-the-money reporting for options on expiry night. This change is to ensure the reporting accuracy where an option over a stock undergoing a rights style corporate action on expiry.

The increase in expiry frequency increases the chance that this type of corporate action will take place on an expiry night. The DCS Expiry Monitoring report will need to be updated to use an amended strike price reflecting the rights style adjustment.

This addresses the risk that Participants will act on incorrect information to determine exercise intentions.

Any interfaces where the ASX distributes market data to external parties via direct or indirect feeds from systems including, but not limited to CORE, SPAN, ASX Online or ASX websites will show the new Weekly and Serial ETO and LEPO products.

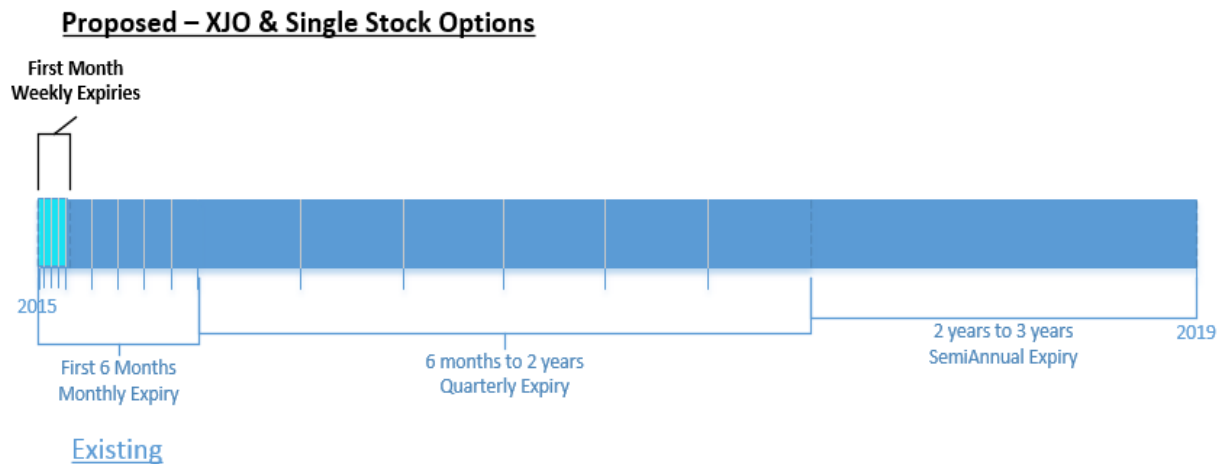
System / Feed	Identifier	Description
OMnet feed		ETO/LEPO real-time price data feed from ASX Trade
FIX feed		ETO/LEPO real-time price data feed from ASX Trade
ITCH feed		ETO/LEPO real-time price data feed from ASX Trade
Signal B		ETO/LEPO Trade confirmations
ReferencePoint (Daily Official List)		ETO/LEPO batch price data
ReferencePoint (Master List)	E01, E02	ETO/LEPO Underlying instrument data
ASX Trading Volumes Report		Trading Volumes currently available on asx.com.au - (http://www.asx.com.au/asx/statistics/tradingVolumes.do)
Daily Trade Activity Report		DCS: Daily trading activity
Derivatives Daily Statistics report		DCS: Daily trading statistics
Derivatives Monthly Statistics Report		DCS: Monthly trading statistics
Monthly Derivatives Trading Statistics		DCS: Monthly trading statistics
Historical Option Data		Historical Option Data currently available on asx.com.au - http://www.asx.com.au/products/equity-options/options-data.htm
Price History Records		Price History Reports are currently available on asx.com.au – http://www.asx.com.au/products/equity-options/option-statistics.htm
Option Records		Options Records data

3 Contract Specifications

3.1 Weekly Options Overview

XJO and top 10-15 single stock options (SSO) currently list expiries at monthly to 6 months, then quarterly to 2 years and semi-annual expiries to 3 years.

Proposal to change XJO & SSO listing to provide weekly expiries in first month.



3.2 Single Stock Weekly Options

The pricing model will use the Single Stock (Equity) price directly for the calculation.

When listing Single Stock Weekly ETOs and LEPOs the following algorithm will be used to set an initial Strike Price:

- ATM +/- 10 strike (21 strikes in total per maturity)

Single Stock Weekly ETOs and LEPOs will be assigned the following Security Types:

Name	Description	Security Type
Weekly Single Stock ETO	LOCAL CALL OPTIONS	90
Weekly Single Stock ETO	LOCAL PUT OPTIONS	91
Weekly Single Stock LEPO	LOW EXERCISE PRICE OPTIONS (LEPOs)	95

Attributes of Single Stock Weekly ETOs and LEPOs include:

- Single Stock Weekly ETO Product Code to be suffixed with W e.g. AAAW
- Single Stock Weekly LEPO Product Code to be suffixed with V e.g. AAAV
- Will use standard number of strikes (i.e. n strikes to create)
- Will use the same strike interval as the equivalent monthly product
- A unique PE tag to be assigned to Single Stock Weekly ETOs and LEPOs, refer 2.3 *Associated Changes*

Contract Design – Single Stock Weekly ETO

Single Stock Weekly ETOs have the same characteristics as Single Stock ETOs, other than the expiration date and modified billing. Single Stock Weekly ETOs would be listed for trading on a Friday, provided that such expiration was not previously listed.

	Monthly ETOs (Existing)	Weekly ETOs (Proposed)
Name	Monthly Single Stock Options	Weekly Single Stock Options
Underlying Security	Any share approved by ASX under guidelines for listing equity options	Any share approved by ASX under guidelines for listing equity options
Security Codes	The first three characters are the ASX code e.g. BHP, the fourth and fifth character are the clearing code which is randomly assigned by the ASX. Some codes will include a sixth numerical character which is a clearing code randomly assigned by ASX	The first three characters are the ASX code e.g. BHP, the fourth and fifth character are the clearing code which is randomly assigned by the ASX. Some codes will include a sixth numerical character which is a clearing code randomly assigned by ASX
Platform	ASX Trade	ASX Trade
Abbreviated Name Coding Methodology	MMM-YY OOO OPT SSSS	DD-MMM-YY O OPT SSSS
Contract size	Usually 100 shares per contract. This may be adjusted for rights, bonus issues and other capital adjustment events.	Usually 100 shares per contract. This may be adjusted for rights, bonus issues and other capital adjustment events.
Tick Size	<p>\$0.001 per share = \$0.10 (contract size 100 shares) for premium below 1 cent.</p> <p>\$0.005 per share = \$0.50 (contract size 100 shares) for premium of 1 cent or more.</p>	<p>\$0.001 per share = \$0.10 (contract size 100 shares) for premium below 1 cent.</p> <p>\$0.005 per share = \$0.50 (contract size 100 shares) for premium of 1 cent or more.</p>
Exercise Style	American (Exercisable on or before expiry date) or European (Exercisable on the expiry date only)	American (Exercisable on or before expiry date) or European (Exercisable on the expiry date only)
Exercise Intervals	Generally set by ASX Clear subject to strike price intervals. Occasionally subject to an adjustment due to a corporate action by the underlying company.	Generally set by ASX Clear subject to strike price intervals. Occasionally subject to an adjustment due to a corporate action by the underlying company.
Type	Call and put options	Call and put options
Contract Months	Front 6 months, then quarterly out 2 years and semi-annually in year 3. As detailed in equity options expiry calendar	3 expiries in the front month including the existing monthly contract which adds up to 4 expiries in the month.

Expiry Day	Thursday before last Friday of the settlement month. This may change due to public holidays	<p>Every Thursday of the contract month, unless otherwise specified by ASX. Note where a Thursday is not a trading day, the expiry date will be the preceding trading day. Where there is a half-trading day, expiry will occur on the preceding trading day</p> <p><i>Note: Option Listing:</i></p> <ul style="list-style-type: none"> -Weekly options are to be listed on the Thursday night following expiry, for trading commencement on the Friday. Should Thursday be a non-trading day then set up will occur on the last trading day immediately prior. -Weekly option will not be listed in a week where the Weekly option would expire alongside of the monthly option (i.e. last Thursday of the month)
Last Trading Day	Trading will cease at 4.20pm on the expiry day	Trading will cease at 4.20pm on the expiry day
Trading Hours	Normal trading 10.00am to 4.20pm (Sydney time). Late trading 4.20pm to 5.00pm and overseas trading in accordance with the ASX Market Rules	Normal trading 10.00am to 4.20pm (Sydney time). Late trading 4.20pm to 5.00pm and overseas trading in accordance with the ASX Market Rules
Settlement	Physical delivery of underlying security	Physical delivery of underlying security
Settlement Day	The first business day following the Last Trading Day	The first business day following the Last Trading Day
Trading Fee	13c	13c
Market Maker discounted trading fee	Between 0.5c – 6.5c	Between 0.5c – 6.5c

Contract Design – Single Stock Weekly LEPO

Single Stock Weekly LEPOs have the same characteristics as Single Stock LEPOs, other than the expiration date and modified billing. Single Stock Weekly LEPOs would be listed for trading on a Friday, provided that such expiration was not previously listed.

Underlying security	Any share approved by ASX under guidelines for listing equity options
Security code	The first three characters are the ASX code eg. BHP, the fourth and fifth character are the clearing code which is randomly assigned by the ASX. Some codes will include a sixth numerical character which is a clearing code randomly assigned by ASX.
Contract size	Usually 100 shares per contract. This may be adjusted for rights, bonus issues and other capital adjustment events.
Tick size	1 cent
Exercise style	European i.e. exercisable only on the last trading day.
Exercise price	1 cent per share.
Type	Call option only.
Contract months	As detailed in equity options expiry calendar
Expiry date	<p>Every Thursday of the contract month, unless otherwise specified by ASX. Note where a Thursday is not a trading day, the expiry date will be the preceding trading day. Where there is a half-trading day, expiry will occur on the preceding trading day</p> <p><i>Note: Option Listing:</i></p> <ul style="list-style-type: none"> - Weekly options are to be listed on the Thursday night following expiry, for trading commencement on the Friday. Should Thursday be a non-trading day then set up will occur on the last trading day immediately prior. - Weekly options will not be listed in that week where the Weekly option would expire alongside of the monthly option (i.e. third Thursday of the month)
Trading hours	Normal trading 10.00am to 4.20pm (Sydney time). Late trading 4.20pm to 5.00pm and overseas trading in accordance with the ASX Market Rules
Settlement	Physical delivery of underlying security

3.3 XJO Weekly Options

When listing XJO Weekly ETOs and LEPOs the following algorithm will be used to set an initial Strike Price:

- ATM +/- 10 strike (21 strikes in total per maturity) – 800 pt range
- 25 pt intervals for ATM +/- 4 strike (covers 200 pt range)
- 50 pt intervals for remaining +/- 6 strike (covers 600 pt range)

OPIC prices will be used for cash settlement (as for monthly XJO ETOs and LEPOs)

XJO Weekly ETOs and LEPOs will be assigned the following Security Types:

Name	Description	Security Type
XJO Weekly ETO	LOCAL CALL OPTIONS	90
XJO Weekly ETO	LOCAL PUT OPTIONS	91
XJO Weekly LEPO	LOW EXERCISE PRICE OPTIONS (LEPOs)	95

Attributes of XJO Weekly ETOs and LEPOs include:

- XJO Weekly ETO Product Code to be suffixed with W e.g. XJOW
- XJO Weekly LEPO Product Code to be suffixed with V e.g. XJOV
- Serial months will be listed for XJO Weekly ETOs and LEPOs. i.e. months in-between the current quarterly SPI option listings.
- Will use standard number of strikes (i.e. n strikes to create)
- Will use the same strike interval as the equivalent monthly product
- Introduction of dummy XJO weekly futures from which to price XJO ETOs and LEPOs.
- Will Use OPIC prices for cash settlement (as for monthly XJO ETOs and LEPOs)
- A unique PE tag to be assigned to XJO Weekly ETOs and LEPOs, refer 2.3 *Associated Changes*

Contract Design – XJO Weekly ETO

XJO Weekly ETOs have the characteristics as XJO Monthly ETOs, other than expiration date. XJO Weekly ETOs would be listed for trading on a Friday, provided that such expiration was not previously listed (i.e. XJO Weekly ETOs would not be listed if they were to expire on the 3rd Thursday of the month, as there is currently an XJO ETO already listed).

	Monthly ETOs (Existing)	Weekly ETOs (Proposed)
Name	Monthly XJO Index Options	Weekly XJO Index Options
Underlying Index	S&P/ASX 200 Index	S&P/ASX 200 Index
Security Codes	XJO	XJO
Platform	ASX Trade	ASX Trade
Abbreviated Name Coding Methodology	MMM-YY 000 OPT SSSS	DD-MMM-YY O OPT SSSS
Index Multiplier	Each index point is equal to AUD\$10.	
Tick Size	Quoted as the number of points of the index. (Tick size 1.0 point)	Quoted as the number of points of the index. (Tick size 1.0 point)
Exercise Style	European, i.e. Exercisable only on expiry day.	European, i.e. Exercisable only on expiry day.
Exercise Intervals	25 Index points	25 Index points
Type	Call and put options	Call and put options
Expiry Day	The third Thursday of the contract month, unless otherwise specified by ASX.	<p>Every Thursday of the contract month, unless otherwise specified by ASX. Note where a Thursday is not a trading day, the expiry date will be the preceding trading day. Where there is a half-trading day, expiry will occur on the preceding trading day.</p> <p><i>Note: Option Listing:</i></p> <ul style="list-style-type: none"> - Weekly options are to be listed on the Thursday night following expiry, for trading commencement on the Friday. Should Thursday be a non-trading day then set up will occur on the last trading day immediately prior. - Weekly option will not be listed in that week where the Weekly option would expire alongside of the monthly option (i.e. third Thursday of the month)
Last Trading Day	Trading will cease at 12 noon on expiry Thursday.	Trading will cease at 4.30pm on the expiry day

Trading Hours	6.00am to 5.00pm and 5.30pm to 7.00pm (Sydney time)	6.00am to 5.00pm and 5.30pm to 7.00pm (Sydney time)
Settlement	Index options are cash settled using the opening price index calculation on expiry morning. This means trading will continue after the settlement price has been determined.	Index options are cash settled using the opening price index calculation on expiry morning. This means trading will continue after the settlement price has been determined.
Settlement Day	The first business day following the Last Trading Day	The first business day following the Last Trading Day
Trading Fee	45c	45 c
Market Maker discounted trading fee	10c	7c

Contract Design – XJO Weekly LEPO

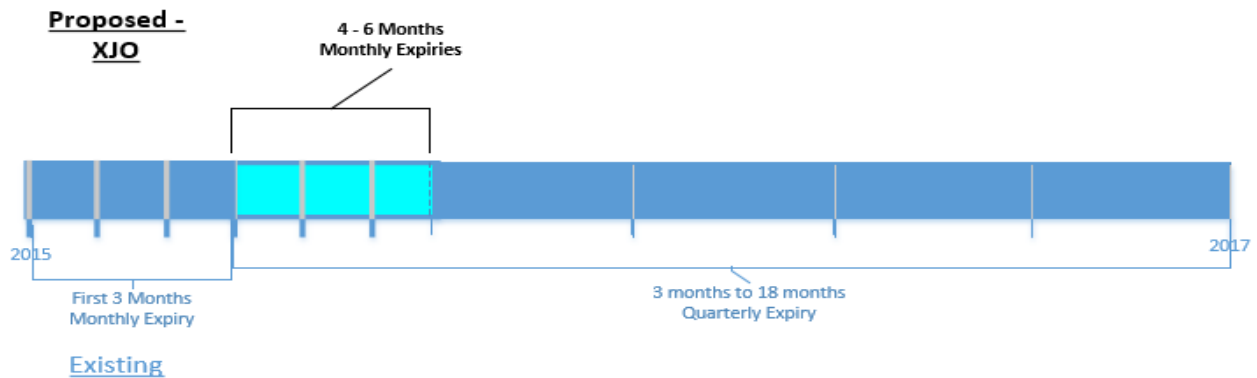
XJO Weekly LEPOs will have the same contract specifications as standard LEPOs, other than the expiration date. They would be listed for trading on a Friday.

Underlying index	S&P/ASX 200 index
Security codes	The first three characters are the ASX code e.g. XJO, the fourth and fifth characters are the clearing code randomly assigned by ASX. Certain codes include a sixth character which is always numeric.
Index multiplier	\$10. Each index point is equal to AUD \$10.
Tick size	Quoted as the number of points of the index. (Tick size 1.0 point)
Exercise style	European, i.e. exercisable only on expiry day.
Exercise intervals	25 Index points
Type	Call options only
Contract months	March, June, September, December up to six quarter months ahead and serial months up to two non-financial quarter months ahead
Expiry day	<p>Every Thursday of the contract month, unless otherwise specified by ASX. Note where a Thursday is not a trading day, the expiry date will be the preceding trading day. Where there is a half-trading day expiry, will occur on the preceding trading day</p> <p><i>Note: Option Listing:</i></p> <ul style="list-style-type: none"> - Weekly options are to be listed on the Thursday night following expiry, for trading commencement on the Friday. Should Thursday be a non-trading day then set up will occur on the last trading day immediately prior. - Weekly option will not be listed in that week where the Weekly option would expire alongside of the monthly option (i.e. third Thursday of the month)
Last trading day	Trading will cease at 12 noon on expiry Thursday.
Trading hours	9.50am to 5.00pm and 5.30pm to 7.00pm (Sydney time)
Settlement	Index options are cash settled using the opening price index calculation on expiry morning. This means trading will continue after the settlement price has been determined.
Settlement day	The first business day following the Last Trading Day

3.4 XJO Serial Options

XJO index options currently list expiries monthly to 3 months, then quarterly to 18 months.

Proposal to change XJO listing to extend monthly expiries to first 6 months.



XJO Serial ETOs & LEPOs will be priced within DPS using the same model and logic as employed for standard Option products. However to accommodate the requirement for an underlying future for the pricing model, a dummy XJO future underlying will be created for the newly listed XJO serial options as there is no corresponding XJO future actively traded at ASX.

In the case where there is no corresponding SPI futures contract with the same maturity as the dummy XJO Future, the following methodology is to be used to determine the value of the XJO dummy future. This dummy underlying price is then used as the basis price for the corresponding option contracts.

The price of the dummy future is to be obtained via a linear extrapolation using the nearest listed SPI futures expiries. I.e. the starting point will be the SPI futures contract that expires before the new serial expiry date, and the end point will be the closest listed SPI future with a maturity date after the serial expiry

Use "Previous Month Movement Method" to determine the dummy underlying futures' prices. Note that no prices will be received from ASXCLF for XJO Serials.

XJO Serial ETOs and LEPOs will be assigned the following Security Types:

Name	Description	Security Type
XJO Serial ETO	LOCAL CALL OPTIONS	90
XJO Serial ETO	LOCAL PUT OPTIONS	91
XJO Serial LEPO	LOW EXERCISE PRICE OPTIONS (LEPOs)	95

Attributes of Serial XJO ETOs and LEPOs include:

- XJO Serial ETO Product Code will be the existing XJO
- XJO Serial LEPO Product Code will be the existing XJO
- Serial months will be listed for XJO Serial ETOs and LEPOs. i.e. months in-between the current quarterly SPI option listings.
- Will use standard number of strikes (i.e. n strikes to create)
- Will use the same strike interval as the equivalent monthly product
- Introduction of dummy XJO Serial futures from which to price XJO ETOs and LEPOs.

Contract Design – XJO Serial ETO

XJO Serial ETOs are an extension to the current XJO Serial ETO expiries, by listing two additional contract months. This change will result in the XJO ETO Class having a monthly maturity for the front 6 months, as opposed to currently having only the front 3 months listed.

Underlying Index	S&P/ASX 200 index
Security codes	The first three characters are the ASX code e.g. XJO, the fourth and fifth characters are the clearing code randomly assigned by ASX. Certain codes include a sixth character which is always numeric.
Index multiplier	\$10. Each index point is equal to AUD \$10.
Tick size	Quoted as the number of points of the index. (Tick size 1.0 point)
Exercise style	European, i.e. Exercisable only on expiry day.
Exercise intervals	25 Index points
Type	Call and put options
Contract months	March, June, September, December up to six quarter months ahead and serial months up to <u>four</u> non-financial quarter months ahead <i>Note: The current serial months will be increased from 2 to 4 months</i>
Expiry day	The third Thursday of the contract month, unless otherwise specified by ASX.
Last trading day	Trading will cease at 12 noon on expiry Thursday.
Trading hours	9.50am to 5.00pm and 5.30pm to 7.00pm (Sydney time)
Settlement	Index options are cash settled using the opening price index calculation on expiry morning. This means trading will continue after the settlement price has been determined.
Settlement day	The first business day following the Last Trading Day

Contract Design – XJO Serial LEPO

XJO Serial LEPOs' are an extension to the current XJO Serial LEPO expiries by listing two additional contract months. This change will result in the XJO LEPO Class having a monthly maturity for the front 6 months, as opposed to currently having only the front 3 months listed.

Underlying index	S&P/ASX 200 index
Security codes	The first three characters are the ASX code e.g. XJO, the fourth and fifth characters are the clearing code randomly assigned by ASX. Certain codes include a sixth character which is always numeric.
Index multiplier	\$10. Each index point is equal to AUD \$10.
Tick size	Quoted as the number of points of the index. (Tick size 1.0 point)
Exercise style	European, i.e. exercisable only on expiry day.
Exercise intervals	25 Index points
Type	Call options only
Contract months	March, June, September, December up to six quarter months ahead and serial months up to <u>four</u> non-financial quarter months ahead
Expiry day	The third Thursday of the contract month, unless otherwise specified by ASX.
Last trading day	Trading will cease at 12 noon on expiry Thursday.
Trading hours	9.50am to 5.00pm and 5.30pm to 7.00pm (Sydney time)
Settlement	Index options are cash settled using the opening price index calculation on expiry morning. This means trading will continue after the settlement price has been determined.
Settlement day	The first business day following the Last Trading Day

4 Appendices

4.1 Appendix 1: ASX Trade Naming Convention Changes

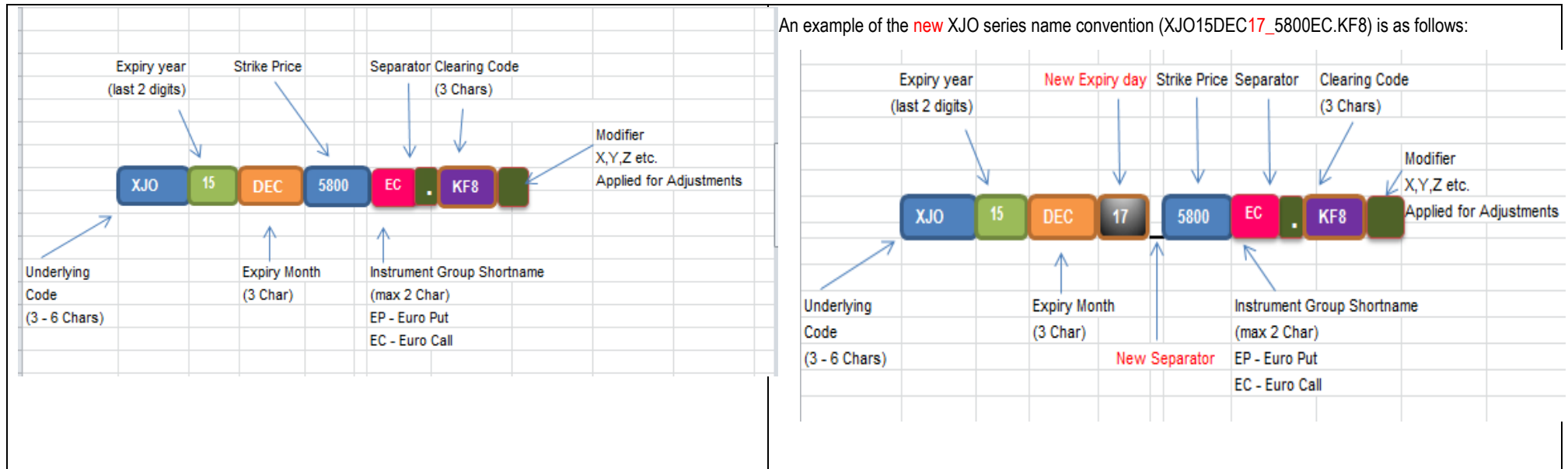
Note that the naming convention changes noted in this section apply to ASX trading system codes only (ins_id_s and series_id_s (long_ins_id_s is not impacted)) for both XJO and Single Stock. The new coding convention in ASX Trade will apply to ALL new ETOs and LEPOs listed going forward, not just Weeklies.

The functions impacted by this are:

- CQ114 / CA114 – Initial Trade query: contains series_id_s
- DQ124 / DA124 – Delta Series query: contains ins_id_s
- BU124 – Delta Series Update broadcast: contains ins_id_s

The tables below show the changes as they apply to XJO.

Current Naming Convention for XJO Options	New Naming Convention for XJO Options
<p>The options naming convention currently makes use of the 32 character ASX Trade instrument series name (ins_id_s / series_id_s) to include details of key series attributes as follows:</p> <ol style="list-style-type: none"> 1. Underlying Code - min 3 to max 6 character code of the Underlying 2. Expiry Year - last 2 digits of the series expiry year 3. Expiry Month - 3 character expiry month abbreviation 4. Strike Price (options only) - series exercise price 5. Instrument Group Shortname - max 2 character abbreviation of the related instrument group 6. Separator - full stop applied to separate the clearing code and modifier 7. Clearing Code - last 3 (Options) and 2 (Futures) characters of the ASX Code of the series 8. Modifier - single char suffix applied to ensure the name of a modified/adjusted series remains unique. <p>An example of an existing XJO option series name (XJO15DEC5800EC.KF8) is as follows:</p>	<p>The options naming convention currently makes use of the 32 character ASX Trade instrument series name (ins_id_s / series_id_s) to include details of key series attributes as follows:</p> <ol style="list-style-type: none"> 1. Underlying Code - min 3 to max 6 character code of the Underlying (unchanged) 2. Expiry Year - last 2 digits of the series expiry year (unchanged) 3. Expiry Month - 3 character expiry month abbreviation (unchanged) 4. Expiry Day – 2 character expiry day of the expiry month (new) 5. Separator – underscore applied to separate the Expiry Day and the Strike Price (new) 6. Strike Price (options only) - series exercise price (unchanged) 7. Instrument Group Shortname - max 2 character abbreviation of the related instrument group (unchanged) 8. Separator - full stop applied to separate the clearing code and modifier (unchanged) 9. Clearing Code - last 3 (Options) and 2 (Futures) characters of the ASX Code of the series (unchanged) 10. Modifier - single char suffix applied to ensure the name of a modified/adjusted series remains unique. (unchanged)



4.2 Appendix 2: Product Listing Cycle Samples

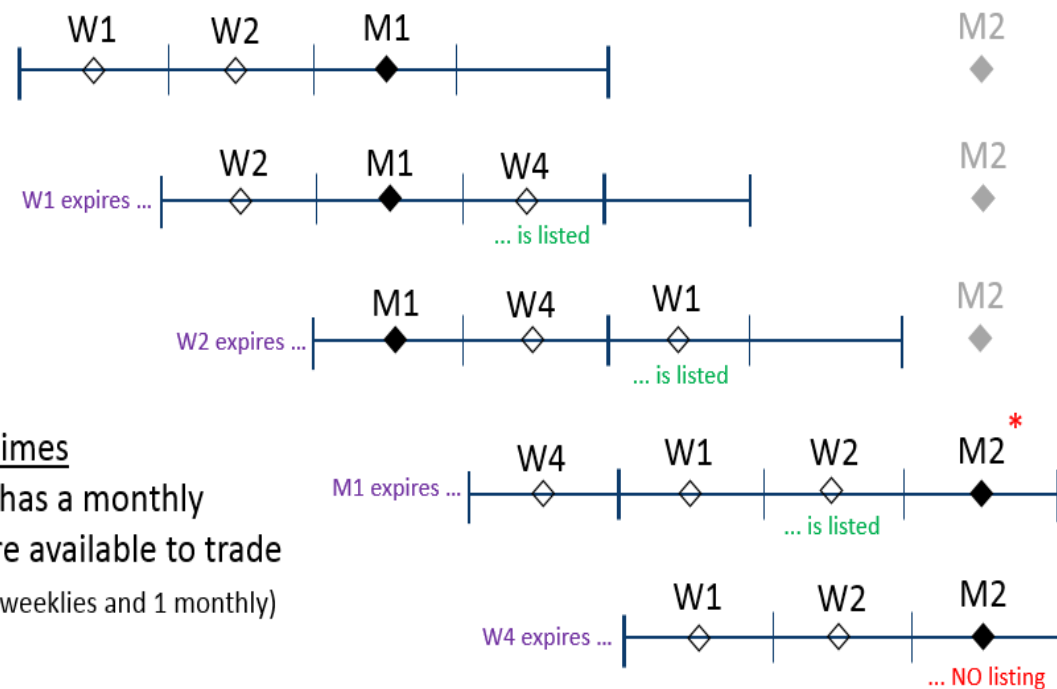
XJO Weekly Options (4 week month)

XJO – Index Options

(Monthly expiry on the third Thursday of the month)

Month has 4 weeks:

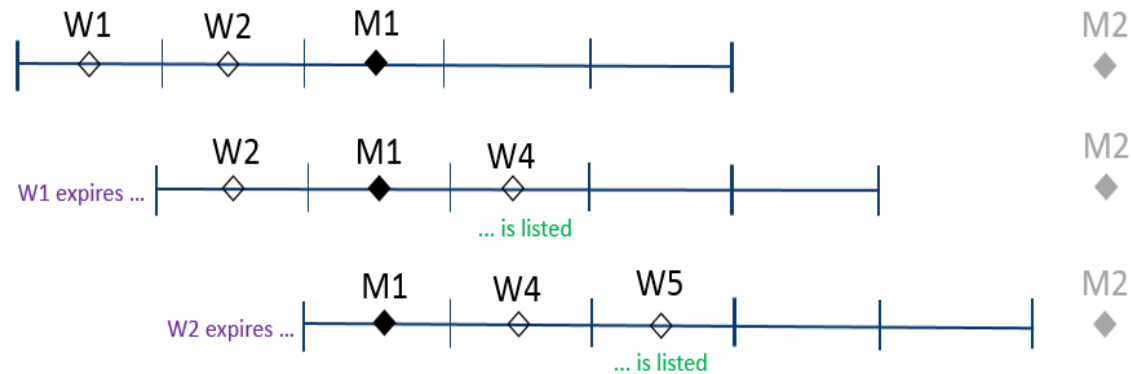
Options maturities in the three weeks coming up at all times except when the fourth week has a monthly maturity then 4 maturities* are available to trade in the 4 consecutive weeks. (3 weeklies and 1 monthly)



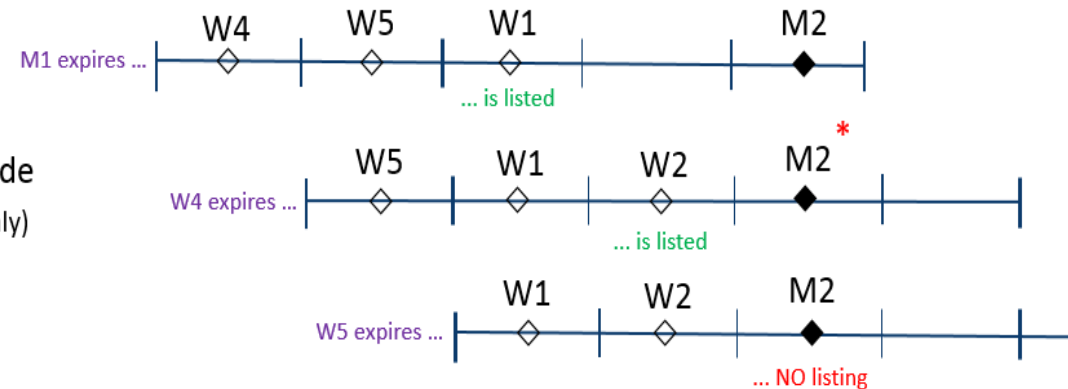
XJO Weekly Options (5 week month)

XJO – Index Options

(Monthly expiry on the third Thursday of the month)

**Month has 5 weeks:**

Options maturities in the three weeks coming up at all times except when the fourth week has a monthly maturity then 4 maturities* are available to trade in the 4 consecutive weeks. (3 weeklies and 1 monthly)



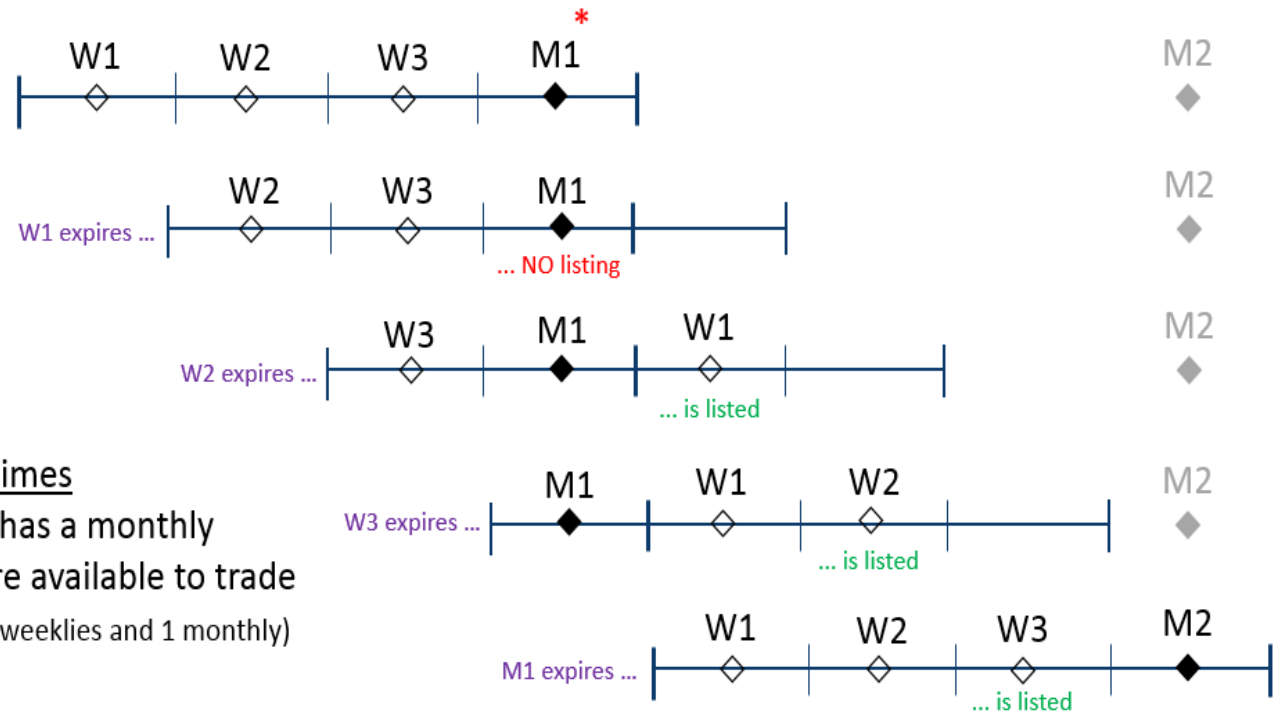
Single Stock Weekly Options (4 week month)

SSO – Stock Options

(Monthly expiry on the Thursday preceding the last Friday of the month)

Month has 4 weeks:

Options maturities in the three weeks coming up at all times except when the fourth week has a monthly maturity then 4 maturities* are available to trade in the 4 consecutive weeks. (3 weeklies and 1 monthly)



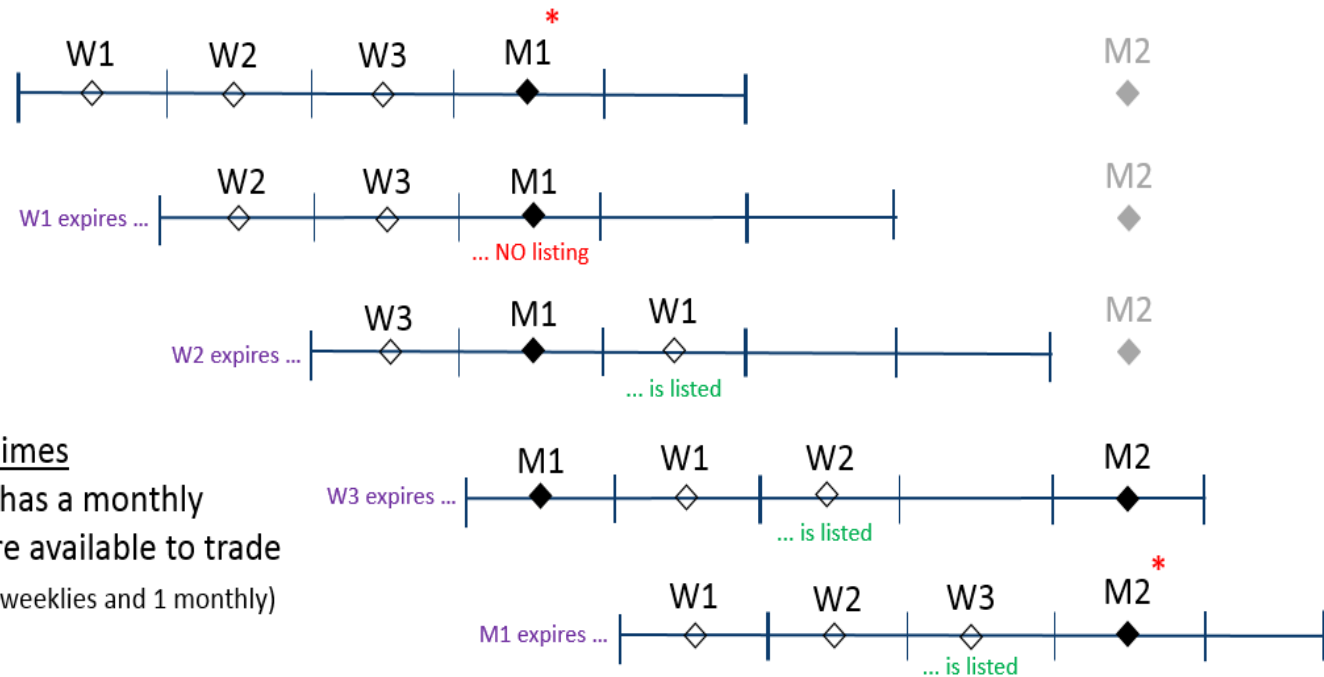
Single Stock Weekly Options (5 week month)

SSO – Stock Options

(Monthly expiry on the Thursday preceding the last Friday of the month)

Month has 5 weeks:

Options maturities in the three weeks coming up at all times except when the fourth week has a monthly maturity then 4 maturities* are available to trade in the 4 consecutive weeks. (3 weeklies and 1 monthly)



4.3 Appendix 3: PRIEX File Sample

The Weekly & Serial Options presented in the PRIEX file are restricted to AMP and XJO.



PRIEX.zip

A following changes have been made to the PRIEX file:

1. Changed usage of the existing **Underlying** column to show the SPAN underlying value (column name of **Underlying** will remain however).
2. The addition of a new column to contain the DCS Underlying value (named **DCS_Underlying**) on the far right.
3. The addition of a new column to contain the DCS Derivative Product Code value (named **DCS_DerivProd**) on the far right.

4.4 Appendix 4: SPAN File Sample

No format changes have been made to the SPAN file.



ASXCLEndOfDayRiskParameterFile150610.zip

4.5 Appendix 5: Reference Prices File Sample

No format changes have been made to the Reference Prices file.



REF.CSV

4.6 Appendix 6: FAQ

Question: Will the existing EOD SPAN file contain the new weekly instruments on the night they are first created?

Answer: *As is currently the case, the EOD SPAN file will contain the product descriptions only on the night they are created (being the day before they are first traded). The instrument prices will be included in the EOD SPAN file from the first date of trading.*

Question: Is the 5am-6am file available for free or is that now included under the umbrella of the intra-day SPAN file which is going to cost \$18,500pa excl. GST?

Answer: *The 5am – 6am file will be part of the optional intra-day service (Cost \$18,500 pa), and includes ASX prices for the purposes of calculating risk as do the intra-day files.*

Question. It appears like there will be additional rows in the DProd.txt file and also new Fee Categories. Can we please get a list of all the new Fee Categories as we need to codify those categories exactly

Answer:

Examples of existing Fee Categories:

- INDEX FUTURES
- INDEX OPTIONS
- LEPOs
- STOCK OPTIONS
- TORESS LEPOs

The new Fee Categories being introduced are:

- WEEKLY OPTIONS
- WEEKLY LEPOs
- WEEKLY INDEX OPTIONS
- WEEKLY INDEX LEPOs

Question: When will weeklies and Serials be available in the external test environment?

Answer: *Will be communicated via an ASX Market Notice at the earliest opportunity.*

Question: I understand in DCS/MCM all weekly contracts will be using the same contract code, regardless of the traded week (XXXW, XXX being the underlying commodity code). How will we be able to recognize one week from the other in MCM?

Answer:

As shown below, for Weekly Options the Contract Code will be same as for Monthly; however the **Product Code** will be a unique Weekly Options Code, in this example - 'S32W' whereas the monthly **Product Code** will be - 'S32'. Additionally, the **Month** field will include an expiry day as well as month and year.

Existing Options Contract Code

Product	Type	Month	Strike Price	Units Per Lot	Flex/OTC	Shortcut	New	Amend	Deactivate Status	Released
S32	OS	Apr16	0.55	C	A	100	S32L08			
S32	OS	Apr16	0.55	P	A	100	S32LP8			
S32	OS	Apr16	0.60	C	A	100	S32LM8			
S32	OS	Apr16	0.60	P	A	100	S32LP8			
S32	OS	Apr16	0.65	C	A	100	S32JH8			
S32	OS	Apr16	0.65	P	A	100	S32JH8			
S32	OS	Apr16	0.70	C	A	100	S32IU8			
S32	OS	Apr16	0.70	P	A	100	S32IU8			
S32	OS	Apr16	0.75	C	A	100	S32V8			
S32	OS	Apr16	0.75	P	A	100	S32V8			
S32	OS	Apr16	0.80	C	A	100	S32G08			
S32	OS	Apr16	0.80	P	A	100	S32G08			
S32	OS	Apr16	0.85	C	A	100	S32EQ8			
S32	OS	Apr16	0.85	P	A	100	S32EQ8			

Weekly Options Contract Code

Product	Type	Month	Strike Price	Units Per Lot	Flex/OTC	Shortcut	New	Amend	Deactivate Status	Released
S32W	OS	01Apr16	1.21	C	E	100	S32WV8			
S32W	OS	01Apr16	1.21	P	E	100	S32WV8			
S32W	OS	01Apr16	1.60	C	E	100	S32WZ8			
S32W	OS	01Apr16	1.60	P	E	100	S32WZ8			
S32W	OS	14Apr16	1.10	C	A	100	S32UJ8			
S32W	OS	14Apr16	1.10	P	A	100	S32UJ8			
S32W	OS	14Apr16	1.15	C	A	100	S32UK8			
S32W	OS	14Apr16	1.15	P	A	100	S32UK8			
S32W	OS	14Apr16	1.20	C	A	100	S32V18			
S32W	OS	14Apr16	1.20	P	A	100	S32V18			
S32W	OS	14Apr16	1.25	C	A	100	S32UR8			
S32W	OS	14Apr16	1.25	P	A	100	S32UR8			
S32W	OS	14Apr16	1.30	C	A	100	S32U8			
S32W	OS	14Apr16	1.30	P	A	100	S32U8			
S32W	OS	14Apr16	1.35	C	A	100	S32UW8			
S32W	OS	14Apr16	1.35	P	A	100	S32UW8			
S32W	OS	14Apr16	1.40	C	A	100	S32IP8			
S32W	OS	14Apr16	1.40	P	A	100	S32IP8			

Product Comparison

	Monthly	Monthly Lepo	Weekly	Weekly Lepo
Product Code	S32	S32L	S32W	S32V
Month	Apr-16	Apr-16	14-Apr-16	14-Apr-16
Contract Code	S32L08	S32CK8	14-Apr-16	14-Apr-16

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