

Standard specification for WIG20 call and put options

In resolution No. 11/977/2003 of 19 February 2003 (as amended), the Exchange Supervisory Board set the following WIG20 call and put option standard specifications.

Abbreviated name of option	OXYZkrrcccc Where: O – type of instrument, XYZ – code standing for name of underlying instrument (as per the Exchange Management Board resolution), k – option type and expiry month code (as per the Exchange Management Board resolution), rr – two last digits of expiry year, cccc – exercise price.																
Option code	Granted by the clearing entity following the ISIN standard.																
Option type	Call options and put options.																
Option class	Comprises all options on the same underlying instrument having the same standard specification.																
Option series	All options of the same class and type, having the same expiry date and the same exercise price.																
Option style	European – exercisable only on expiry date.																
Underlying instrument	WIG20 index.																
Multiplier	PLN 10 per index point.																
Option value	Product of option price and multiplier.																
Transaction value	Product of option value and transaction volume.																
Quotation unit	Index points.																
Expiry months	Three nearest calendar months + three subsequent months of the March quarterly cycle (March, June, September, December)																
Expiry date	Third Friday of the expiry month for the series. If such day is not a trading day according to the exchange calendar, the expiry date shall fall on the last trading day before the third Friday of the expiry month.																
Last trading day	Expiry date.																
Exercise price	<p>A value equal to the value of the underlying instrument, by reference to which the settlement balance shall be determined taking into account the multiplier.</p> <p>1. Differences between exercise prices of the different series of options which expire on a given expiry date are as follows:</p> <table border="1" data-bbox="411 1671 1394 2018"> <thead> <tr> <th>Expiry date</th> <th>Exercise price (index points)</th> <th>Differences between exercise prices (index points)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">For options with the nearest expiry date</td> <td>from 5 to 475</td> <td>5</td> </tr> <tr> <td>from 480 to 990</td> <td>10</td> </tr> <tr> <td>at least 1000</td> <td>25</td> </tr> <tr> <td rowspan="2">For options with two subsequent dates</td> <td>from 10 to 470</td> <td>10</td> </tr> <tr> <td>from 480 to 980</td> <td>20</td> </tr> </tbody> </table>		Expiry date	Exercise price (index points)	Differences between exercise prices (index points)	For options with the nearest expiry date	from 5 to 475	5	from 480 to 990	10	at least 1000	25	For options with two subsequent dates	from 10 to 470	10	from 480 to 980	20
Expiry date	Exercise price (index points)	Differences between exercise prices (index points)															
For options with the nearest expiry date	from 5 to 475	5															
	from 480 to 990	10															
	at least 1000	25															
For options with two subsequent dates	from 10 to 470	10															
	from 480 to 980	20															

	at least 1000	50
For options with three farthest dates	from 20 to 460	20
	from 480 to 960	40
	at least 1000	100

2. The following are introduced to trading on the first trading day after the expiry date of the series which expire in January, February, April, May, July, August, October, November:

2.1. option series which expire on the new expiry date in the third calendar month after the expiry date of the previous series with the following exercise prices:

2.1.1. one series with an exercise price that is nearest to the closing value of the underlying instrument at previous session; where the closing value of the underlying instrument at previous session is the arithmetic mean of two nearest exercise prices, the higher of the two shall be deemed the exercise price for the series,

2.1.2. eight series with an exercise price that is higher than the exercise price as specified in point 2.1.1.,

2.1.3. eight series with an exercise price that is lower than the exercise price as specified in point 2.1.1.;

2.2. option series which expire on the nearest expiry date with such exercise prices that the differences between all exercise prices for that expiry date are consistent with the rules set out in the table referred to in point 1.

3. The following are introduced to trading on the first trading day after the expiry date of the series which expire in March, June, September, December:

3.1. option series which expire on the new expiry date in the twelfth calendar month after the expiry date of the previous series with the following exercise prices:

3.1.1. one series with an exercise price that is nearest to the closing value of the underlying instrument at previous session; where the closing value of the underlying instrument at previous session is the arithmetic mean of two nearest exercise prices, the higher of the two shall be deemed the exercise price for the series,

3.1.2. four series with an exercise price that is higher than the exercise price as specified in point 3.1.1.,

3.1.3. four series with an exercise price that is lower than the exercise price as specified in point 3.1.1.;

3.2. option series which expire on the nearest and the third expiry date with such exercise prices that the differences between all exercise prices

	<p>for that expiry date are consistent with the rules set out in the table referred to in point 1.</p> <p>4. In addition to the option series referred to in points 2 and 3, option series are introduced to trading on such dates and with such exercise prices that at least the following are in trading at the same time:</p> <p>4.1. for the nearest expiry date:</p> <p>4.1.1. one series with an exercise price that is nearest to the closing value of the underlying instrument at previous session; where the closing value of the underlying instrument at previous session is the arithmetic mean of two nearest exercise prices, the higher of the two shall be deemed the exercise price for the series,</p> <p>4.1.2. sixteen option series with exercise prices higher than the exercise price as specified in point 4.1.1.,</p> <p>4.1.3. sixteen option series with exercise prices lower than the exercise price as specified in point 4.1.1.;</p> <p>4.2. for the two subsequent expiry dates:</p> <p>4.2.1. one series with an exercise price that is nearest to the closing value of the underlying instrument at previous session; where the closing value of the underlying instrument at previous session is the arithmetic mean of two nearest exercise prices, the higher of the two shall be deemed the exercise price for the series,</p> <p>4.2.2. eight option series with exercise prices higher than the exercise price as specified in point 4.2.1.,</p> <p>4.2.3. eight option series with exercise prices lower than the exercise price as specified in point 4.2.1.;</p> <p>4.3. for the three farthest expiry dates:</p> <p>4.3.1. one series with an exercise price that is nearest to the closing value of the underlying instrument at previous session; where the closing value of the underlying instrument at previous session is the arithmetic mean of two nearest exercise prices, the higher of the two shall be deemed the exercise price for the series,</p> <p>4.3.2. four option series with exercise prices higher than the exercise price as specified in point 4.3.1.,</p> <p>4.3.3. four option series with exercise prices lower than the exercise price as specified in point 4.3.1.;</p> <p>5. The Exchange Management Board may decide to introduce additional option series to trading. Information on introducing additional option series is disclosed to the public no later than on the trading day preceding the introduction.</p>
Exercise value	Product of exercise price and multiplier.

First trading day	<p>For the first option series in a class – determined by the Exchange Management Board.</p> <p>For option series referred to in points 2 and 3 of the box “Exercise price” – the first trading day after the expiry date of the previous series.</p> <p>For option series referred to in point 4 of the box “Exercise price” – the day of introducing the series to trading, according to the rules set out in that point.</p> <p>For additional option series – determined by the Exchange Management Board.</p>
Settlement price	The settlement price is determined on the expiry date as the arithmetic mean of all WIG20 index values from the last hour of continuous trading and its value at the session close, having rejected 5 top and 5 bottom index values.
Settlement value	Product of settlement price and multiplier.
Settlement balance	<p>For call options, the settlement balance is calculated according to the following formula: $c(T) = \max\{[S(T) - m]; 0\}$ For put options, the settlement balance is calculated according to the following formula: $c(T) = \max\{[m - S(T)]; 0\}$ where: c(T) – settlement balance on exercise date, S(T) – settlement value on exercise date, m – exercise value, T – exercise date.</p>
Rights of option owners	An option owner is entitled to exercise his option and receive the settlement balance from the writer.
Option exercise rules	<p>Automatic exercise on expiry date if:</p> <ul style="list-style-type: none"> - for call options – settlement price for a series is higher than exercise price for the series, - for put options – settlement price for a series is lower than exercise price for the series. <p>Option owner may waive exercise.</p>
Settlement date	First business day following the date on which settlement price is determined.
Settlement	Cash in PLN.
Special cases	In special cases, in particular in the case of material change, suspension or termination of the provision of the WIG20 index, the Exchange Management Board determines the course of action and immediately discloses it to the public. In particular, the Exchange Management Board may decide to suspend trading in option series or stop the introduction of further option series to trading or set a different last trading day and, after consulting KDPW_CCP, set a different final settlement price for the options.