TURQUOISE DERIVATIVES Strike Price Generation

Version 1.0

26 September 2011

1. Revision History

Date	Version	Sections updated	Notes
23 September 2011	**1.0**	All	First published to website

2. General notes

2.1. Useful definitions

- "ATM" means "At-the-Money"
- "ITM" means "It-the-Money"
- "OTM" means "Out-of-the-Money"

2.2. Designation of the ATM strike

Every minute, the SOLA derivatives system marks one of the series listed the "ATM" strike price. It does this by looking at the price of the underlying and seeing which series is closest to this level.

At the end of each day, an ATM strike is chosen (or created if it is the night before the listing of a new series) relative to the closing price of the underlying.

New In-the-Money strikes and Out-of-the Money strikes are generated relative to this ATM price.

The ATM strike for a particular underlying/ expiry combination will be created at a level determined by the strike price increment for that expiration. For example, if the strike price generation increment for a particular underlying/expiry combination is 25 index points, the ATM series will be created/ chosen at a price ending in either 25 points, 50 points, 75 points or 00 points. If the generation increment is 50 points, the ATM strike will be created/ chosen at a price ending in either 50 points or 00 points.

2.3. "On-Request" facility

See Trading Service Description section 4.7

3. IOB Market

3.1. FTSE RIOB options

Expiration	Minimum ITM strikes generated	Minimum OTM strikes generated	Strike price increment used	
			Bid price	Increment
All contracts	5	5	0 1000	10.00 20.00

3.2. IOB DR options

Expiration	Minimum ITM strikes generated	Minimum OTM strikes generated	Strike price increment used	
			Bid price	Increment
All contracts	7	7	0 5 10 15 50 100 200 300	0.10 0.25 0.50 1.00 2.00 5.00 10.00 20.00

4. Norwegian Market

4.1. OBX options

Expiration	Minimum ITM strikes generated	Minimum OTM strikes generated	Strike price increment used	
			Bid price	Increment
3 months	2	2	0 150 500 1000	3.00 5.00 10.00 20.00
6 months	2	2		

4.2. Norwegian options

Group 1 Norwegian Stocks

Expiration	Minimum ITM strikes generated	Minimum OTM strikes generated	Strike price increment used	
			Bid price	Increment
3 months	2	2	0 10 20 50 180 360 600	0.25 1.00 3.00 5.00 10.00 20.00 30.00
12 months	2	2		

Group 2 Norwegian Stocks

Expiration	Minimum ITM strikes generated	Minimum OTM strikes generated	Strike price increment used	
			Bid price	Increment
6 months	2	2	0 10 20 50 180 360 600	0.25 1.00 3.00 5.00 10.00 20.00 30.00

Please see Product List on Turquoise website for list of underlyings with corresponding groups.

5. UK market

5.1. FTSE 100 index options

Expiration	Minimum ITM strikes generated	Minimum OTM strikes generated	Strike price increment used
1 month	10	10	25 points
≤ 3 months	10	10	50 points
≤ 1 year	10	10	100 points
≤ 2 years	20	20	100 points
≥ 2 years	0	0	-