

Individual Contract Specification – Equity Options

Equity Options – Individual Contract Specification		
Underlying	Ordinary shares in issuers specified by NZX by notice to the Market in accordance with the NZX Derivatives Market Rules and Procedures.	
Trading Unit	One option equals rights over 100 ordinary shares of the Underlying.	
Price Basis	NZD	
Minimum Price Movement (Tick Size and Value)	0.5 cent per share/50 cents	
Daily Price Limits by Contract Month	25 cents for ordinary shares < \$10 50 cents for ordinary shares ≥ \$10	
Contract Months	None	
Trading Hours	March / June / September / December up to six quarter months ahead and the nearest three whole non-quarterly months.	
Last Trading Day	As determined from time to time by NZX by notice to the Market in accordance with the NZX Derivatives Market Rules and Procedures.	
Exercise Price Intervals	Trading will cease at the close of trading (17:10 NZST/NZDST) on the Business Day immediately prior to the last Friday of the Contract Month.	
Exercise Procedures	American Style. Options may be exercised on any Trading Day up to and including the Last Trading Day. In-the-money options are automatically exercised on the Last Trading Day in accordance with the C&S Procedures, unless manually abandoned. To manually abandon an option, an instruction must be given through the Clearing House System no later than 18:00 hrs NZST/NZDST on the Last Trading Day. At-the-money and out-of-the-money options shall expire worthless at 18:00 hrs NZST/NZDST on the Last Trading Day unless manually exercised.	
Final Settlement	Physical Delivery	
Settlement Day	The second business day following the date of exercise of an option.	
Clearing House	New Zealand Clearing Limited	
Common Trading Facilities	Block Trading Facility	✓
	Exchange for Physicals Facility	X
	Exchange for Swaps Facility	X
Common Trading Facilities Minimum Volume Thresholds	Minimum Volume Thresholds for each Contract or class of Contracts are specified in Part C, Appendix One of the Procedures	

Cross Transactions Minimum Time Period	15 seconds
Position Limits	As prescribed by NZX from time to time
Exchange Rules	The Contracts are Traded on the NZX Derivatives Market and subject to the NZX Derivatives Market Rules and Procedures

Commencement of trading in new options Contract¹

At the commencement of option trading in a Contract Month, NZX will list seven put and seven call options on each Contract Month comprising of:

- a) Three put and three call options "Out of the Money"
- b) One put and one call option "At the Money"
- c) Three put and three call options "In the Money"

Where a Daily Settlement Price results in decimals and/or a price that is not a valid Tick Size this price will be rounded to the nearest whole Tick. Where the Daily Settlement Price results in a decimal that is exactly 0.250 cents or 0.750 cents this will be rounded up to the nearest whole Tick.

When a reference price in the Underlying Equity Security occurs at, or passes through an Exercise Price, NZX will list additional option Contracts in order to maintain the required number of "Out of the Money" and "In the Money" options.

Listing of additional Exercise Prices on request

NZX may, at its sole discretion (whether or not on the request of a Trading Participant) list additional Exercise Prices in any of the Contract Months available for trading in NZX Derivatives Market Contract No. 6 Options on Equity Securities.

Requests for new Exercise Prices may be at any price as long as it is compliant with the Exercise Price Interval as defined in the Contract Specifications. A 24-hour notice period is required for the listing of Exercise Prices on request. Participants should submit their request to surveillance@nzx.com.

New Contracts may be listed for trading up to and including the Last Trading Day for that option.

NZX, in its sole discretion, may:

- a) modify the provisions above relating to the establishment of Exercise Prices;
- b) modify the procedure for the listing of new Exercise Prices as it considers appropriate in light of the market conditions

¹ This additional information is not part of the Contract Specification, but is provided for information only.

Expiry months

NZX may at its discretion at any time determine the number of Contract Months able to be traded under these Contract Terms in respect of an option for the Underlying equity security.

Options Exercise

Options must be exercised by 6.00pm on a Trading Day including the Last Trading Day.

This is an Individual Contract Specification for the purpose of the NZX Derivatives Market Rules ("Rules") as amended or supplemented from time to time. Capitalised terms used herein have the meanings given in the Rules, the Procedures and the Contract T&Ps unless otherwise defined. The information published in this Individual Contract Specification cannot and does not substitute the Rules, Procedures or Contract T&Ps, which should be read in full.

This Individual Contract Specification shall not constitute investment advice nor an offer, invitation, solicitation or recommendation to engage in any transaction. NZX and its subsidiaries take no responsibility for any errors or omissions or losses, direct, consequential or otherwise arising from actions based upon this information. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of its appropriateness in light of your own objectives and circumstances. You should also consider seeking advice from independent advisors.

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