

Premium Based Tick Sizes for Dutch Stock Options



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- **€ 0.01** tick size for orders with a premium below or equal to € 0.20
- **€ 0.05** tick size for orders with a premium above € 0.20

On 2 June 2009, NYSE Liffe will introduce “Premium Based Tick Sizes” (PBTS) for Dutch single stock options.

With the introduction of PBTS, NYSE Liffe is creating an optimal trading environment that makes it possible to trade with a 1 euro cent (€ 0.01) tick size for premiums below or equal to € 0.20, whereas today a 5 euro cent (€ 0.05) tick size applies for all premiums. Next to the option premiums of € 0.05, € 0.10, € 0.15 or € 0.20 it is possible to trade all premiums between € 0.01 and € 0.20.

PBTS will apply to all single stock options traded on the Amsterdam market. This means that orders for single stock options with a premium below or equal to € 0.20 can be submitted with a € 0.01 tick size.

For investors, the € 0.01 tick size means that there is a greater possibility of more granular pricing thereby increasing trading opportunities. PBTS will also make it possible to reduce the bid-offer spread, potentially leading to lower trading costs.

Validation at Order Entry

With PBTS the price of an order at order entry determines the tick size:

- Orders with a premium below or equal to € 0.20 have a tick size of **€ 0.01**
- Orders with a premium above € 0.20 have a tick size of **€ 0.05**

The premium of any incoming order is validated against the relevant tick size. If an order is not a multiple of the relevant tick size, it will be rejected.

The table below shows which prices are available for trading around the PBTS threshold of € 0.20. From a price of € 0.20 the next valid higher price is € 0.25 whilst the next valid lower price is € 0.19.

Valid prices around the PBTS threshold

Tick size (€)	Premium (€)
0.01	0.01
	...
	0.15
	0.16
	0.17
	0.18
PBTS threshold	0.19
	0.20
0.05	0.25
	0.30
	0.35
	...

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Strategy Orders

The new tick size rules also apply to strategy orders. At order entry, the limit price of a strategy order is subject to validation, not the separate leg prices.

Odd Prices

There is a possibility that prices appear in the order book or that trades are executed against prices that do not comply with the tick size rules. These are so-called “odd prices”, which are prices above the PBTS threshold with a tick size of € 0.01. This can, for example, occur after the creation of implied prices. An implied price is created from a combination order and results in a price in the single order book. Odd prices can also result from the creation of orders at the uncrossing.

An odd price can be traded in the normal way by entering:

- A market order (will not be validated);
- A limit order with a “crossing” price, which is a buy order with a limit exceeding the odd offer price in the order book or a sell order with a limit below the odd bid price in the order book (the limit orders have to comply with the PBTS threshold); Note: These orders might result in having resting orders in the order book.
- An immediate or cancel order with the odd price as the limit.

More information

Visit our website: www.nyx.com/PBTS

Private Investors: please contact your broker or bank.

Alternatively contact our Retail Investor Relations team: retailamsterdam@nyx.com

Members: please contact your local account manager.

For a list of all stock option contracts available on the Amsterdam market:

www.nyx.com/stockoptions and then select ‘Amsterdam market’

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You should always bear in mind that:

- The value of investments and any income from them may go down as well as up. You may not get back all of your original investment.
- Past performance is not necessarily a guide to future performance.
- Rates of exchange may cause the value of underlying investments to go up or down.
- Tax arrangements may change.
- All stock market based investment is exposed to a degree of risk.