NASDAQ OMX STOCKHOLM OFFERS CLEARING OF STIBOR-FRA OPTIONS

Facts

Contract type	Option contract with delivery
Contract base	One 3-month STIBOR-FRA contract
Contract base size	The nominal value of the STIBOR-FRA contract shall be SEK 1,000,000
Trading	Trades in STIBOR-FRA options will be reached through bilateral negotiations between buyers and sellers, and reported to NASDAQ OMX for central counterparty clearing
Tick size	0.01
Price/premium	Price expressed as basis points. The premium is multiplied with the options Basis Point Value
Premium settlement day	The second bank day after registration
Exercise price interval	Upon request
Expiration months	March, June, September and December
Expiration settlement day	The third Wednesday of the expiration month
Expiration day/final day of trading	Two bank days prior to the expiration settlement day. Last time to registration is 12.00 CET on the expiration day
Expiration fix	Fixing of 3-month STIBOR is established at expiration day at 11.05 CET
Periodic settlement	No periodic settlement
Offsetting	Offsetting can take place during the entire term
Series term	Thirty-six months

Market model and central counterparty clearing

STIBOR-FRA options are traded in the current market structure for Swedish interest rate derivatives. Trades in options will be reached through bilateral negotiations between buyers and sellers, and reported to NASDAQ OMX for central counterparty clearing.

Contract settlement takes place through a bilateral negotiation between buyer and seller. Following settlement, the transaction is reported to NASDAQ OMX Stockholm for clearing. Novation, meaning when the exchange substitutes existing contracts with two new ones, in relation to the buyer and seller takes place when the settlement is matched and collateral has been placed. Subsequently, there is no counterparty relationship between the buyer and seller; instead both parties have the exchange as counterparty.

Contract base and settlement principles

The contract base is one 3-month STIBOR-FRA contract with the same expiration settlement day as the relevant option contract. There are only the contract base that are deliverable.

In practice, no payment takes place between the buyer and seller when the contract is cleared; instead, each party receives/pays from/to the exchange (the clearing house).

Settlement and offsetting

All purchased and sold contracts are entirely off-settable against each other. This means that only one net position is held against the clearing house and, if the contracts sold equals those purchased, the portfolio may be said to be closed in practice. No periodic settlement takes place.

Name standard

Contracts are listed by the short name FRA followed by the expiration year, expiration month, the exercise price and type of option (put or call