**APPROVED**

Public Joint-Stock Company

Moscow Exchange MICEX-RTS

(Order No. МБ-П-2022-1756 dated 30 August 2022)

**SPECIFICATION OF FUTURES-STYLE MARGINED OPTION ON INTERNATIONAL SECURITIES FUTURES CONTRACT**

This Specification sets out the standard terms and conditions for deliverable futures-style margined options on international securities futures contracts (the "Specification").

The Specification with the Clearing Rules for the Moscow Exchange Derivatives Market (the “Clearing Rules”), Trading Rules for the Moscow Exchange Derivatives Market (the “Trading Rules”) shall define the obligations under the futures-style margined options on international securities futures contracts (hereinafter the “Contract”) as well as the procedure for such obligations to arise, be changed or terminated.

Moscow Exchange (the "Exchange") approves the List of Contract Parameters set out in Appendix 1 to this Specification (the "List of Parameters"), which contains:

* name of the Contract;
* underlying asset of the Contract;
* Contract lot;
* minimum price movement for the Contract in the course of trading on MOEX (the "price tick");
* the tick value;
* currency of the contract price (the "Base Currency").

The underlying asset of the Contract is the cash-settled international securities futures contract (the "Futures Contract").

The Contract is a futures-style option contract, which there is a Variation Margin Obligation as defined in clause 2.1 below.

Terms and definitions not expressly defined in the Specification shall be understood in accordance with the laws of the Russian Federation, the Trading Rules and the Clearing Rules.

1. **Entering into the Contract**
	1. The opportunity to conclude the Contract in the process of trading shall be granted by the Moscow Exchange resolution that shall specify:
* Futures Contract code;
* Contract type;
* Contract category;
* Strike price range (minimum and maximum strike price);
* Strike price tick;
* first trading day during which the Contract may trade (hereinafter the First Trading Day);
* The time from which the Contract may be executed (hereinafter the “Start of Trading in the Contract”).
	1. The Contract code (designation) is formed as follows:

<Futures Contract Code>M<last trading day for the Contract><type of Contract><category of Contract><exercise price>

* The symbol “M” means that the Contract is a futures-style option;
* the last trading day for the Contract shall be indicated in Arabic numerals in the format DDMMYYY;
* type of Contract means a Call Option ("C") or a Put Option ("P");
* category of the Contract shall mean American option ("A") or European option (“E”);
	1. The Contract Lot shall be specified in the List of Parameters.
	2. Contract Price (Premium).
		1. The price of the Contract (premium) at the time of submitting orders and entering into the Contract shall be quoted in the Base Currency per Lot as defined in the List of Parameters.
		2. The minimum price fluctuation for the Contract (the “tick”) is set out in the List of Parameters.
		3. The tick value specified in the List of Parameters shall be calculated in Russian roubles at the exchange rate of the relevant Base Currency to Russian rouble determined in accordance with the Moscow Exchange Indicative Exchange Rates Methodology and published on the Exchange website, subject to the limitation (if any) on fluctuation of the base currency exchange rate established by the Clearing Centre and published on the Exchange website.

In the event that the US dollar rate is below/above the specified limit, it is deemed to be equal to the lower/upper limit of the specified limit respectively.

The time the Base Currency exchange rate is determined is set by the Exchange and published on the Exchange website.

* + 1. The RUB-denominated Contract price (premium) shall be calculated as follows:

**Premium [RUB] = Premium [USD] \* W / R**

where:

Premium [RUB] - price (premium) value in RUB;

Premium [USD] - price (premium) in USD;

W - tick value;

R - the tick.

* 1. The term of the Contract shall be the period from the commencement of Trading in the Contract until the start of the clearing session on the last trading day for the Contract as determined in clause 2.2.3 or 2.2.4 of the Specification.
	2. The date of the last Trading Day during which the Contract can be executed (hereinafter referred to as the last trading day for the Contract) is determined in accordance with the List of dates which are the last trading days for options, as one Friday of the month and year of expiration of the Contract.

If the relevant Friday of the month and year of expiry is not a Trading Day, the date of the last trading day for the Contract specified in the Contract code shall be determined in accordance with the List of Dates constituting the last trading days for options as the date of the last Trading Day preceding the relevant Friday of the month and year of expiration of the Contract.

The list of dates being the last trading days for options is approved by the Exchange upon agreement with the Clearing Centre and is published on the Exchange website as of the current calendar year.

The Exchange is entitled upon agreement with the Clearing Centre to set another date of the last trading day for the Contract.

1. **Obligations under the Contract**
	1. Variation margin obligation.
		1. The Parties to the Contract must pay each other variation margin in the form of cash, in the amount depending on the changes in the value of the underlying asset.
		2. Variation margin is calculated and paid during the life of the Contract.
		3. Variation margin is calculated according to the following formulas:

2.1.3.1. During the intraday clearing session:

1. If the variation margin has not been calculated before:

**VM1 = Round (SP1\*Round (W1/R; 5); 2) – Round (P0\*Round (W1/R; 5); 2)**

where:

VМ1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session,

Round – mathematical rounding to the specified precision,

P0 – execution price (premium) of the Contract,

SP1 – daily (last) settlement price of the Contract,

W1 – tick value,

R – tick size.

1. If the variation margin has been calculated before:

**VM1 = Round (SP1\*Round (W1/R; 5); 2) – Round (P0\*Round (W1/R; 5); 2)**

where:

VМ1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session,

Round – mathematical rounding to the specified precision,

SP1 – daily (last) settlement price of the Contract,

SPp – settlement price of the Contract calculated during the previous trading day’s evening clearing session,

W1 – tick value,

R – tick size.

To calculate the variation margin during the intraday clearing session of the current Trading Day, the tick value is calculated using the Base Currency exchange rate determined at the time set by the Exchange and published on the Exchange website.

2.1.3.2. During the evening clearing session:

1. If the variation margin has not been calculated before:

**VM2 = Round (SP2\*Round (W2/R; 5); 2) – Round (P0\*Round (W2/R; 5); 2)**

where:

VМ2 – variation margin for the Contract as calculated in the evening clearing session for the current trading day’s evening settlement period,

Round – mathematical rounding to the specified precision,

P0 – execution price (premium) of the Contract,

SP2 – daily (last) settlement price of the Contract,

W2 – tick value,

R – tick size.

1. If the variation margin for the Contract has been calculated in the intraday clearing session on the current trading day:

**VМ2 = VМ – VМ1**

where:

VМ2 – variation margin for the Contract as calculated in the evening clearing session for the current trading day’s evening settlement period,

VM – variation margin for the Contract as calculated in the evening clearing session for the current trading day;

VM1 – variation margin for the Contract as calculated in the intraday clearing session on the current trading day as per Section 2.1.3.1 above.

VM is determined according to the following formulas:

1. If the variation margin has not been calculated for the previous trading day in the evening clearing session:

**VM2 = Round (SP2\*Round (W2/R; 5); 2) – Round (P0\*Round (W2/R; 5); 2)**

where:

Round – mathematical rounding to the specified precision,

SP2 – daily (last) settlement price of the Contract,

P0 – execution price (premium) of the Contract,

W2 – tick value,

R – tick size.

1. If the variation margin has been calculated for the previous trading day in the evening clearing session:

**VM2 = Round (SP2\*Round (W2/R; 5); 2) – Round (P0\*Round (W2/R; 5); 2)**

where:

Round – mathematical rounding to the specified precision,

SP2 – daily (last) settlement price of the Contract,

SPp – settlement price of the Contract calculated during the previous trading day’s evening clearing session,

W2 – tick value,

R – tick size.

To calculate the variation margin during the evening clearing session of the current Trading Day, the tick value is calculated using the Base Currency exchange rate determined at the time set by the Exchange and published on the Exchange website.

* + 1. The settlement price of the Contract is set by the Exchange under the procedure and within the time frames set out in the Trading Rules and Specification.
		2. For the purpose of calculating the variation margin under this Contract, the current (last) Exercise Price of the Contract (SP2) shall be assumed to be 0 (zero) in the following cases:
* the Contract has been exercised in the current clearing session;
* during the evening clearing session of the last trading day for the Contract.
	+ 1. The obligation to pay the variation margin shall be fulfilled in accordance with the procedure and within the time limits set out in the Clearing Rules. In this case,
* if the variation margin is positive, the obligation to pay the variation margin arises for the Option Writer;
* if the variation margin is negative, the obligation to pay variation margin in the amount equal to the absolute value of the calculated variation margin arises for the Option Holder.
	1. Delivery obligation (execution of the Futures Contract)
		1. The Option Writer shall, at the request of the Option Holder, execute the Futures Contract subject to the following conditions:

the Clearing Member code and the code(s) of its Client(s) specified when executing the Futures Contract coincide with the Clearing Member code and the code(s) of its Client(s) specified when executing the Contract;

the Option Writer becomes the Seller under the Futures Contract and the Holder becomes the Buyer under the Futures Contract if the Contract is a Call Option, or the Option Writer becomes the Buyer under the Futures Contract and the Holder becomes the Seller under the Futures Contract if the Contract is a Put Option;

the execution price of the Futures Contract is equal to the Exercise Price of the Contract.

* + 1. The Holder may choose to exercise the Contract by submitting the application to the Clearing Centre within the procedure and terms set forth in the Clearing Rules.
		2. The obligation to execute the Futures Contract under the Contract the last trading day for which coincide with the last trading day for the Futures Contract being the underlying asset of such Contract shall be performed during the evening clearing session of the last trading day for the Contract.
		3. The obligation to execute the Futures Contract under the Contract the last trading day for which does not coincide with the last trading day for the Futures Contract being the underlying asset of such Contract shall be performed during the evening clearing session of the last trading day for the Contract.
		4. During the clearing session in which the obligation to execute a Futures Contract under sub-clause 2.2.3 or sub-clause 2.2.4 of the Specification is performed, the Holder's claim to exercise the Contract shall be deemed to have been declared if the following conditions are met:
			1. The Contract is an in-the-money option, namely:
* a Call Option with exercise price being less than the Settlement Price of the Futures Contract, which is the underlying asset of this Option, determined at the end of the Evening Settlement Period of the last trading day for the Contract, or
* a Put Option with exercise price being higher than the Settlement Price of the Futures Contract, which is the underlying asset of this Option, as determined at the end of the Evening Settlement Period of the last day of conclusion of the Contract; or
	+ - 1. the Contract is an at-the-money option, namely a Call Option or a Put Option, the exercise price of which is equal to the Settlement Price of the Futures Contract which is the underlying asset of this Contract, as determined at the end of the evening Settlement Period of the last trading day for the Contract. In this case the Contract is exercised to the extent of 50 (fifty) percent of the volume of the open position in the in- the-money option, recorded on the sections of the Holder's position register, subject to the following:
* for Call Options, the value is rounded upwards to the nearest integer;
* for Sell Options, the value is rounded down to the nearest integer.
	+ 1. The Futures Contract shall be executed in accordance with the Clearing Rules and the Trading Rules.
		2. The Option Holder is eligible to submit a refusal to exercise the Contract on the Contract’s last trading day.
1. **Grounds and procedure for termination of obligations under the Contract**
	1. Obligations under the Contract are terminated in full upon due performance thereof.
	2. A party's obligations under the Contract shall be terminated in full as a result of that party incurring counter obligations under the Contract with the same code (designation), i.e. the Writer incurring obligations of the Holder or the Holder incurring obligations of the Writer, in the manner and within the time limits stipulated in the Clearing Rules.
	3. Obligations under the Contract may be terminated on other grounds provided for in the Clearing Rules, in accordance with the procedures set forth thereof.
2. **Liability**
	1. The parties shall be liable for non-performance or improper performance of obligations under the Contract in accordance with the legislation of the Russian Federation, the Trading Rules, the Admission Rules and the Clearing Rules.
3. **Special provisions**
	1. The Exchange shall be entitled upon agreement with the Clearing Centre to change the date of the last trading day for the Contract with a certain code if during the term of the said Contract at least one of the following circumstances has occurred:
		1. in accordance with the specification of the Futures Contract, the Exchange has taken a decision to change the date of the last trading day for the Futures Contract and/or the settlement date of the Futures Contract;
		2. according to the decision of the government body of the Russian Federation, the last trading day for the Contract is declared a non-business day.

In this case, no changes shall be made in the Contract code.

* 1. The information on the decision(s) adopted by the Exchange under clause 5.1 above shall be notified to Trading Members by its publication on the Exchange website at least 3 (three) Trading Days prior to entry into force of the respective decision(s). In case the grounds for decisions provided by clause 5.1 above occur less than 3 (three) Trading Days prior to the last trading day for the Contract, the information on such decision(s) taken by the Exchange shall be notified to the Trading Members by its publication on the Exchange website not later than on the effective date of the respective decisions.
	2. Unless otherwise provided by a decision of the Exchange, from the entry into force of the decision(s) made by the Exchange in accordance with clause 5.1 of the Specification, the terms of obligations under previously concluded Contracts shall be deemed to have been amended accordingly.
1. Amendments and Supplements to the Specification
	1. The Exchange is entitled to introduce amendments and supplements hereto as agreed with the Clearing Center.
	2. The amendments and supplements hereto shall come into effect at the moment the Exchange enforces the Specification containing such amendments and supplements upon registration thereof in accordance with the procedure established by the Bank of Russia.
	3. The Exchange shall notify Trading Members of Specification containing any amendments and supplements to take effect by publishing the corresponding information on the Exchange website at least three (3) business days prior to the day when the given Specification come into effect.
	4. Unless otherwise decided by the Exchange, as soon as any amendments and supplements to the Specification come into force, the terms of existing Contracts previously entered into are deemed to have been amended or supplemented accordingly.

**LIST OF PARAMETERS FOR FUTURES-STYLE MARGINED OPTION ON INTERNATIONAL SECURITIES FUTURES CONTRACTS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Name of contract** | **Underlying asset** | **Contract lot** | **Tick** | **Tick value** | **Base currency** |
| 1. | Futures-style margined option on Invesco QQQ ETF Trust Unit Series 1 Futures contract | Invesco QQQ ETF Trust Unit Series 1 Futures contract | One futures contract  | USD 1 | USD 0.01 | USD |
| 2. | Futures-style margined option on SPDR S&P 500 ETF Trust futures contract | SPDR S&P 500 ETF Trust futures contracts | One futures contract  | USD 0.01 | USD 0.01 | USD |