



BORSA ITALIANA

LONG STOCK OPTIONS

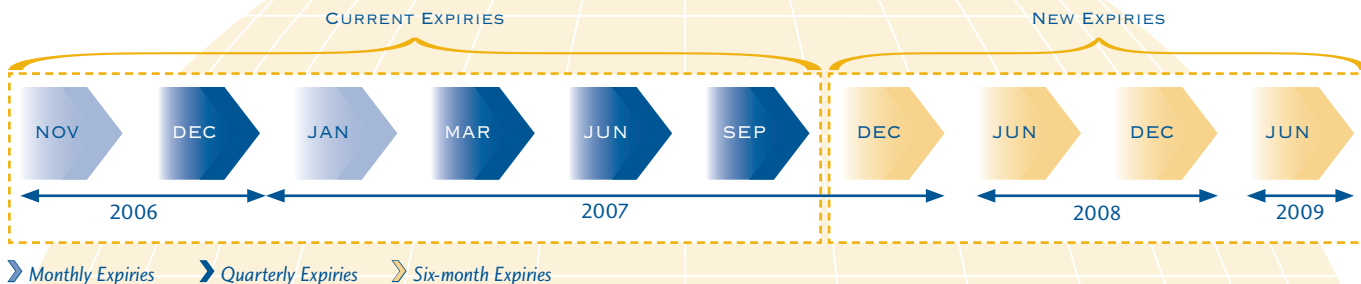
Extend your trading in Italy!



IDEM
BORSA ITALIANA

WHY LONG STOCK OPTIONS?

Borsa Italiana is pleased to announce the launch of the first 7 long term stock option contracts with maturities of up to 3 years. This new listing enriches the product range of the IDEM, aligning the stock option expiries to the index option segment.



The introduction of the new contracts brings the advantages of a listed market to the trading of long term Italian equity options. It also offers more opportunities to trade volatility and to efficiently manage the risk of longer term positions.

Until the end of 2006, take advantage of a special pricing initiative with a 100% discount on trading fees for long stock options available on the IDEM.

CONTRACT SPECIFICATIONS

Underlyings available on long stock option contracts ¹	Assicurazioni Generali, Enel, Eni, Fiat, STMicroelectronics, Telecom Italia, Unicredito Italiano	
Trading hours	9.00 am - 5.40 pm CET	
Option Style	American	
Contract size	Strike price (in €) x lot size	
Quotations	Stock option contracts are quoted in Euro	
Option price (premium)	The premium paid is equal to the value of the option premium multiplied by the respective lot	
Premium settlement	The premium is settled in cash only, the first business day after the trading day by the clearing and settlement organisation Cassa di Compensazione e Garanzia	
Tick size	The tick is € 0.0005	
Expiries	Up to 12 months	From 12 to 36 months
	6 expiries: 4 quarterly expiries and the 2 nearest monthly expiries	4 six-month expiries (June and December) for the two subsequent years
Expiry day	The third Friday of the expiry month at 8.15 am If the Exchange is closed that day, the contract expires on the first trading day preceding that day	

Exercise price	Exercise prices (Euro)	Expiries up to 12 months Intervals (Euro)	Expiries from 12 to 36 months Intervals (Euro)
	0.0050 - 0.1800	0.0050	0.0100
0.1801 - 0.4000	0.0100	0.0200	
0.4001 - 0.8000	0.0200	0.0400	
0.8001 - 2.0000	0.0500	0.1000	
2.0001 - 4.0000	0.1000	0.2000	
4.0001 - 9.0000	0.2000	0.4000	
9.0001 - 20.0000	0.5000	1.0000	
20.0001 - 40.0000	1.0000	2.0000	
More than 40.0001	2.0000	4.0000	
Settlement	Settlement is by delivery of the financial instruments specified in the contract		
Last trading day	Trading in any contract closes the day before expiry at 5.40 pm		
No Action Letter	Stock Options can be bought and sold in the USA as expressed in the no action letter from the SEC		

¹ The stock options, for which the four six-month maturities (June and December) are quoted, are established with an Official Notice, considering the liquidity of the stock options and the interest of the market.

Market makers are active on the IDEM to improve the liquidity of the market and the efficiency of the price discovery process through their intense quoting activity.

Members can choose among three different market making status on stock option contracts:

- **Primary Market Maker (PMM):** continuous quotation obligation, on at least 20 underlyings on the short term expiries
- **Market Maker (MM):** obligation to respond to quote request, on all listed expiries
- **Liquidity Provider (LP):** continuous quotation obligation, on the short term expiries

Liquidity on long stock options is provided by Market Makers who are required to quote the 6 expiries up to 12 months along with the 4 six-month expiries for the long stock option contracts listed on the market.

QUOTATION OBLIGATIONS FOR MARKET MAKERS

Obligation type	Up to 12 months	From 12 to 36 months
Number of underlyings	At least 5 underlyings	
Expiries	All 6 short term expiries	All 4 long term expiries listed
Series ²	the at-the-money, the first 5 series out-the-money and the first 5 series in-the-money	the at-the-money, the first 5 series out-the-money and the first 2 series in-the-money
Quantity	- 50 or 25 contracts for underlyings making up the "Focus Group" - 15 contracts for all other underlyings	- 15 contracts
Spread	Different spread tables according to the underlying stock price and dependent on the bid price	
Time	Obligation to respond to a "request for quote" within 2 minutes and keep the quote on the order book for at least 15 seconds	
Quotation hours	9.30 am - 5.20 pm CET	

² On the sixth and fifth trading days before the expiry day the obligations for the nearest maturity must be fulfilled for: the ATM series, the first 2 ITM and the first 2 OTM series

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