

Contract Options Trading Conditions

Contract Options

These Contract options are available for online trading through the SaxoTrader platform:

[Contract options specifications](#)

Short trades on Contract Options

By default, you will not be enabled to trade Contract Options short. Short selling of Contract Options is allowed for individually assessed clients who have obtained an advanced margin profile. Please contact your account manager for more information.

Orders Processing

Support for Stop & Stop-Limit Orders

Stop and Stop Limit orders are subject to support by the exchange on which the contract is traded. The order types available are noted in the pop-up details for each contract.

Stop orders are by definition “Stop if Traded” orders meaning a stop order can only be triggered if it trades for a minimum of one lot in the market. As the price of the Contract Option moves with the underlying, you can be in a situation where you reach the level of your stop, but the stop is not triggered as no one is trading on the strike.

Partial Fills

Partial fills may occur on Limit orders and the remaining amount stays in the market as a limit order and may be filled within the order duration. Market orders can be filled at numerous levels; the price paid will be the volume weighted average price of all the fills.

Exercise and Settlement

G&T TRADER offers two types of Contract Options as defined by the exchange.

American style Options can be exercised online at any time before the expiry apart from the last trading day. European style Options can only be auto-exercised at expiry.

When in-the-money, an American style Contract Options position can be exercised into a specific Futures contract position, which is visible on the Account Summary until expiration.

Once the Contract Option expires, the position stays visible on the Account Summary until the settlement day (instrument-specific).

A European style Option, when in-the-money, is only exercised at expiry and is cash settled.

Early Exercise of Options

Holders of a long position in American Style options can exercise the option any time prior to expiry. To exercise a long option position, an exercise request can be entered in the trading application; in the “Account Summary”.

When the exercise request is entered, the option position is closed at price 0 and a position in the underlying instrument is created at the strike price. This happens instantly.

Clients should always consider closing the option position in the market and acquiring the underlying instrument separately. Often the market value of the option exceeds the unrealized profit from opening the underlying position at the strike price.

Currency options on CME are not allowed to be exercised out of the money, hence these requests will be cancelled once encountered.

Exercise Cut-off

Exercise requests need to be entered before the exercise cut-off time as specified by G&T TRADER; see these in Contract Options Settlement Conditions. The Exercise cut-off time facing G&T TRADER clients is prior to the cut-off times as defined by the exchange in order to give G&T TRADER and its brokers the time to forward the request to the exchanges. If exercise requests are entered after the cut off time clients will be rejected and the client must wait until the next day to exercise before the cut off time.

Last Trading day

On the last trading day, clients will not be able to exercise any position, since the expiry auto-exercise process will manage exercising against the exercise settlement value.

Expiry and Auto Exercise

When trading Contract Options at G&T TRADER, all Options positions are subject to an auto exercise procedure at expiry:

- All long positions on in-the-money Options are assumed to be exercised
- All short positions on in-the-money Options are assumed to be assigned
- All positions on out-of-the-money Options are abandoned

A Call Option is in-the-money when the strike price is below the market price of the underlying asset.

A Put Option is in-the-money when the strike price is above the market price of the underlying asset.

Abandonment of in-the-money positions is not supported. Thus, clients should close their Option positions prior to expiry.

Full premium vs. Futures Style premium

When acquiring a long position in a full premium Contract Option, the premium amount is deducted from the client's cash balance. Value from an open long Option position will not be available for margin trading other than indicated in the margin reduction schemes.

G&T TRADER will treat future style premium Options as deferred premium.

As such, other than market conventions, unrealized profit/loss is not processed in the clients cash balance on a daily basis. Instead, the original premium amount will remain on the transactions not booked until final settlement of the Option or when the position is closed.

In this way, all other values in the account summary can be treated equal to full premium Options.

Deactivation of the underlying asset

If the Exchange deactivates the underlying asset, G&T TRADER will notify its clients and remove the related positions from the clients trading accounts.

Italian Financial Transaction Tax for derivatives

The tax will be applied to all Italian Derivatives whose underlying assets are equity instruments issued by Italian companies

The Italian FTT for Derivatives applies irrespective of the location of the client or the jurisdiction of the transaction, so everyone trading Italian Derivatives will have to pay new Italian FTT for Buys and Sells.

Contract Options on Italian Indices

Notional Value (EUR)	0-2.5k	2.5-5k	5-10k	10k-50k	50-100k	100-500k	500-1,000k	Over 1,000k
Tax (EUR)	0.25	0.5	1	5	10	50	100	200