

SINGLE STOCK DIVIDEND FUTURES

What are Single Stock Dividend Futures?

Single Stock Dividend Futures are exchange-traded derivatives contracts that allow investors to take positions on dividend payments.

Why trade Single Stock Dividend futures?

Access new trading opportunities by taking long or short positions on Single Stock Dividend Futures, or trade them against the dividend index futures (CAC 40® or AEX Index®).

Who are Single Stock Dividend Futures for?

Investors who want to hedge risk associated with dividend exposure, diversify their trading portfolio and reduce its volatility exposure.

Market Makers

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Euronext's new Single Stock Dividend Futures complement its existing dividend index future offering (CAC 40 Dividend Index Future and AEX Dividend Index Future), giving market participants additional investment strategies.

Dividends are a key component for equity and equity derivatives holders and are mostly used as a hedging tool. However, dividends are also becoming an asset class of their own: a dividend investment can be seen as corresponding to an equity investment, while often proving more resilient and less volatile than stocks.

Why trade Single Stock Dividend Futures?

- Benefit from an efficient hedging tool helping you to manage your dividend exposure
- Diversify your portfolio by investing in a new asset class

Access to multiple trading opportunities

- Benefit from a low-volatility investment
- Take a directional view on a dividend payment which is over-valued (sell) or under-valued (buy)
- Access a wide range of arbitrage opportunities: trade single stock dividend futures versus the dividend index future, a single stock dividend future versus another from the same or different sector, or trade different maturities
- Access single stock dividend futures with a high multiplier to benefit from cost efficiencies

Trade on Euronext's secure and transparent environment

- Central clearing provided by LCH SA
 - Transparency through on-screen prices
 - Liquidity provided by market makers
 - Optimised trading and clearing prices
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Contract specifications

CONTRACT SIZE	Dividend payments in relation to a contract size of 10,000 shares
UNIT OF TRADING	10,000
PRICING UNIT/QUOTATION	EUR/USD/CHF/GBX/SEK per share
MINIMUM PRICE MOVEMENT (TICK SIZE AND VALUE)	EUR/USD/CHF/SEK 0.0001 (EUR/USD/CHF/SEK 1.00 per contract) GBX 0.01 (GBX 100.00 per contract)
EXPIRY MONTHS	12,24,36,48 and 60 months yearly (of the December cycle)
INTRODUCTION OF NEW DELIVERY MONTHS	New delivery months are available for trading on the first business day after the expiry of a maturity
WHOLESALE SERVICES	Large-in-Scale trading and Basis trading Minimum trade size is 10 lots for wholesale services
TRADING HOURS	Central Order Book 09:00 – 17:30 CET Large-in-Scale Facility 07:00 – 18:30 CET
TRADING PLATFORM	UTP
ALGORITHM	Central order book applies a price-time trading algorithm with priority given to the first order at the best price
LAST TRADING DAY	Trading ceases at 12:00 CET on the third Friday of the delivery month. In the event that the third Friday is not a business day, the Last Trading Day shall normally be the last business day preceding the third Friday
SETTLEMENT	Cash settlement based on the EDSP
SETTLEMENT DAY	First business day after the day on which the EDSP is published
EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)	The final settlement value as established by Euronext at 12:00 (CET) on the third Friday of the delivery month, determined to four decimal places. The final settlement value is equal to the cumulative value of ordinary gross dividends declared by the company
CLEARING ORGANIZATION	LCH SA

Fee structure

DIVIDEND GROUP	CENTRAL ORDER BOOK	LARGE-IN-SCALE TRADES AND GUARANTEED CROSS
< 0.50	€ 1.00	€ 1.50
0.50 – 1.00	€ 4.00	€ 6.00
≥ 1.00	€ 6.00	€ 9.00

Find out more

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