



# **FpML Financial product Markup Language**

## **Trial Recommendation 27 June 2003**

### **Equity Derivative Component Definitions**

***Version: 3.0***

**This Version:**

<http://www.fpml.org/spec/2003/tr-fpml-3-0-2003-06-27>

**Latest Version:**

<http://www.fpml.org/spec/fpml-3-0>

**Previous Version:**

<http://www.fpml.org/spec/2002/lcwf-fpml-3-0-2002-09-13>

**Errata For This Version:**

<http://www.fpml.org/spec/errata/tr-fpml-3-0-2003-06-27-errata.html>

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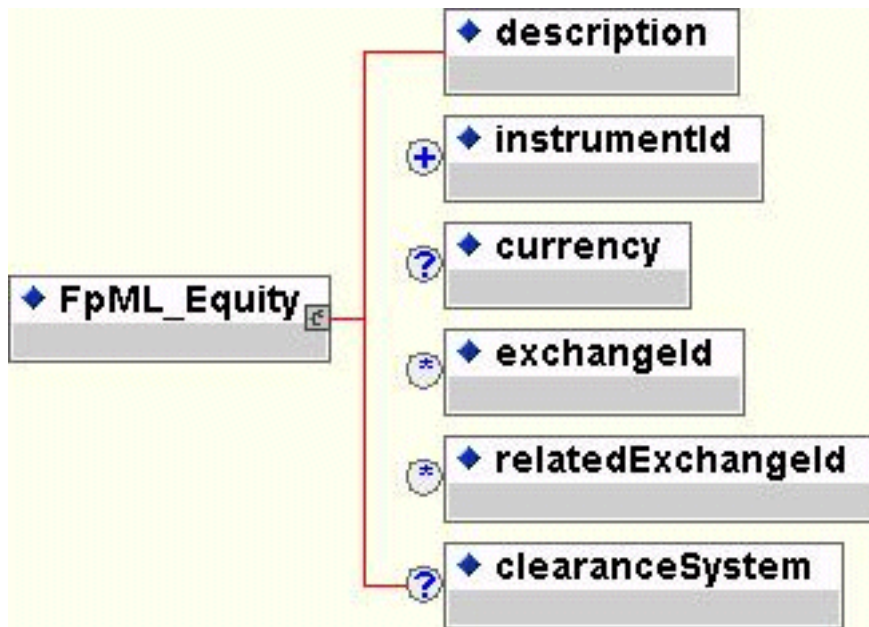
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## FpML\_Equity

### Description:

An entity for defining the underlying instrument for an equity option.

### Figure:



### Contents:

**description** (exactly one occurrence; of type *string*)

- The name of a security.

**instrumentId** (one or more occurrences; of type *string*, an enumerated domain value defined by *instrumentIdScheme*)

- A short form unique identifier for a security.

**currency** (zero or one occurrence; of type *string*, an enumerated domain value defined by *currencyScheme*)

- The currency in which an amount is denominated.

**exchanged** (zero or more occurrences; of type *string*, an enumerated domain value defined by *exchangedScheme*)

- A short form unique identifier for an exchange. If the element is not present then the exchange shall be the primary exchange on which the underlying is listed. The term "Exchange" is assumed to have the meaning as defined in the ISDA 1996 Equity Derivatives Definitions.

**relatedExchanged** (zero or more occurrences; of type *string*, an enumerated domain value defined by *exchangedScheme*)

- A short form unique identifier for a related exchange. If the element is not present then the exchange shall be the primary exchange on which listed futures and options on the underlying are listed. The term "Exchange" is assumed to have the meaning as defined in

the ISDA 1996 Equity Derivatives Definitions.

**clearanceSystem** (zero or one occurrence; of type *string*, an enumerated domain value defined by *clearanceSystemScheme*)

- Unless otherwise specified, the principal clearance system customarily used for settling trades in the relevant underlying.

***Used by:***

- underlying

***DTD Fragment:***

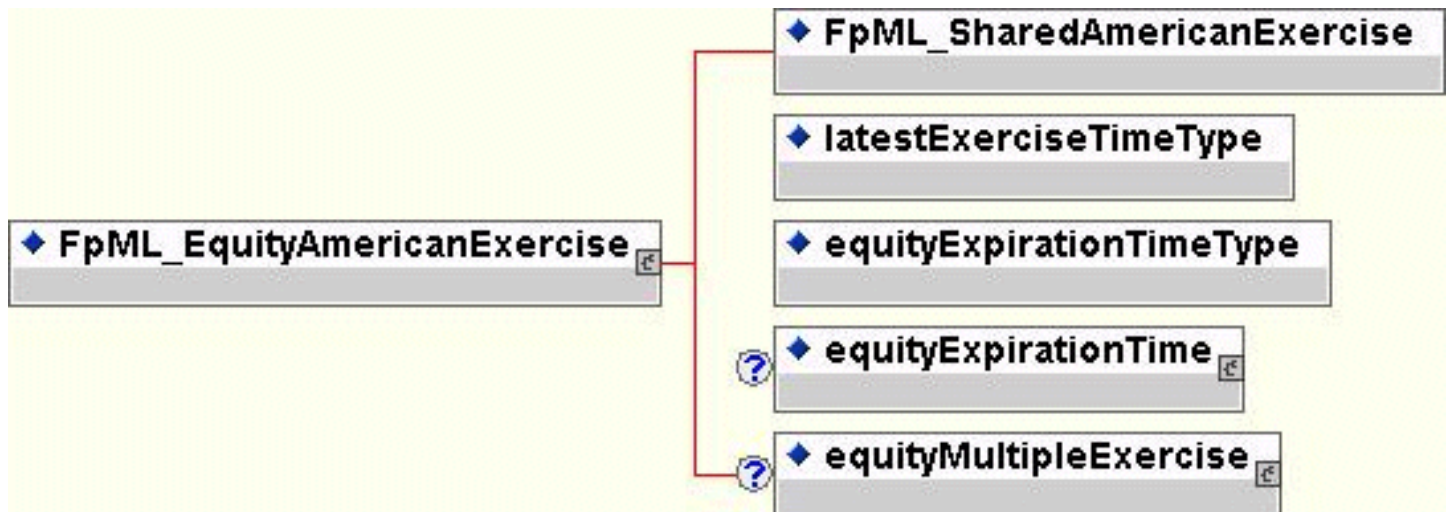
```
<!ENTITY % FpML_Equity "description , instrumentId+ , currency? , exchangeId* , relatedExchangeId* ,  
clearanceSystem?">
```

## FpML\_EquityAmericanExercise

### Description:

An entity for defining exercise procedures associated with an American style exercise of an equity option. This entity inherits from the entity FpML\_SharedAmericanExercise.

### Figure:



### Contents:

**inherited element(s)** (this entity inherits the element(s) defined by exactly one occurrence of the entity FpML\_SharedAmericanExercise)

- 

**latestExerciseTimeType** (exactly one occurrence; of type *string*, an enumerated domain value defined by *timeTypeScheme*)

- The latest time of day at which the equity option can be exercised, for example the official closing time of the exchange.

**equityExpirationTimeType** (exactly one occurrence; of type *string*, an enumerated domain value defined by *timeTypeScheme*)

- The time of day at which the equity option expires, for example the official closing time of the exchange.

**equityExpirationTime** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_BusinessCenterTime)

- The specific time of day at which the equity option expires.

**equityMultipleExercise** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_EquityMultipleExercise)

- The presence of this element indicates that the option may be exercised on different days. It is not applicable to European options.

### Used by:

- equityAmericanExercise

***DTD Fragment:***

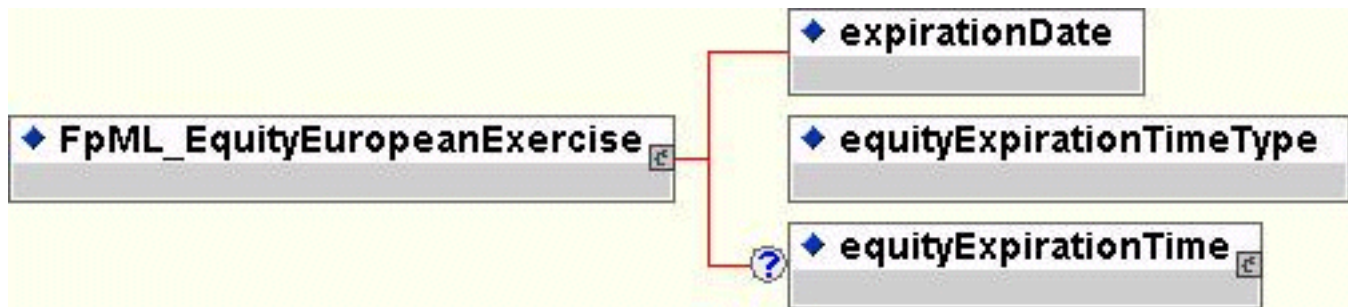
```
<!ENTITY % FpML_EquityAmericanExercise "%FpML_SharedAmericanExercise; , latestExerciseTimeType ,  
equityExpirationTimeType , equityExpirationTime? , equityMultipleExercise?">
```

## FpML\_EquityEuropeanExercise

### Description:

An entity for defining exercise procedures associated with a European style exercise of an equity option.

### Figure:



### Contents:

**expirationDate** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_AdjustableOrRelativeDate)

- The last day within an exercise period for an American style option. For a European style option it is the only day within the exercise period.

**equityExpirationTimeType** (exactly one occurrence; of type *string*, an enumerated domain value defined by *timeTypeScheme*)

- The time of day at which the equity option expires, for example the official closing time of the exchange.

**equityExpirationTime** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_BusinessCenterTime)

- The specific time of day at which the equity option expires.

### Used by:

- equityEuropeanExercise

### DTD Fragment:

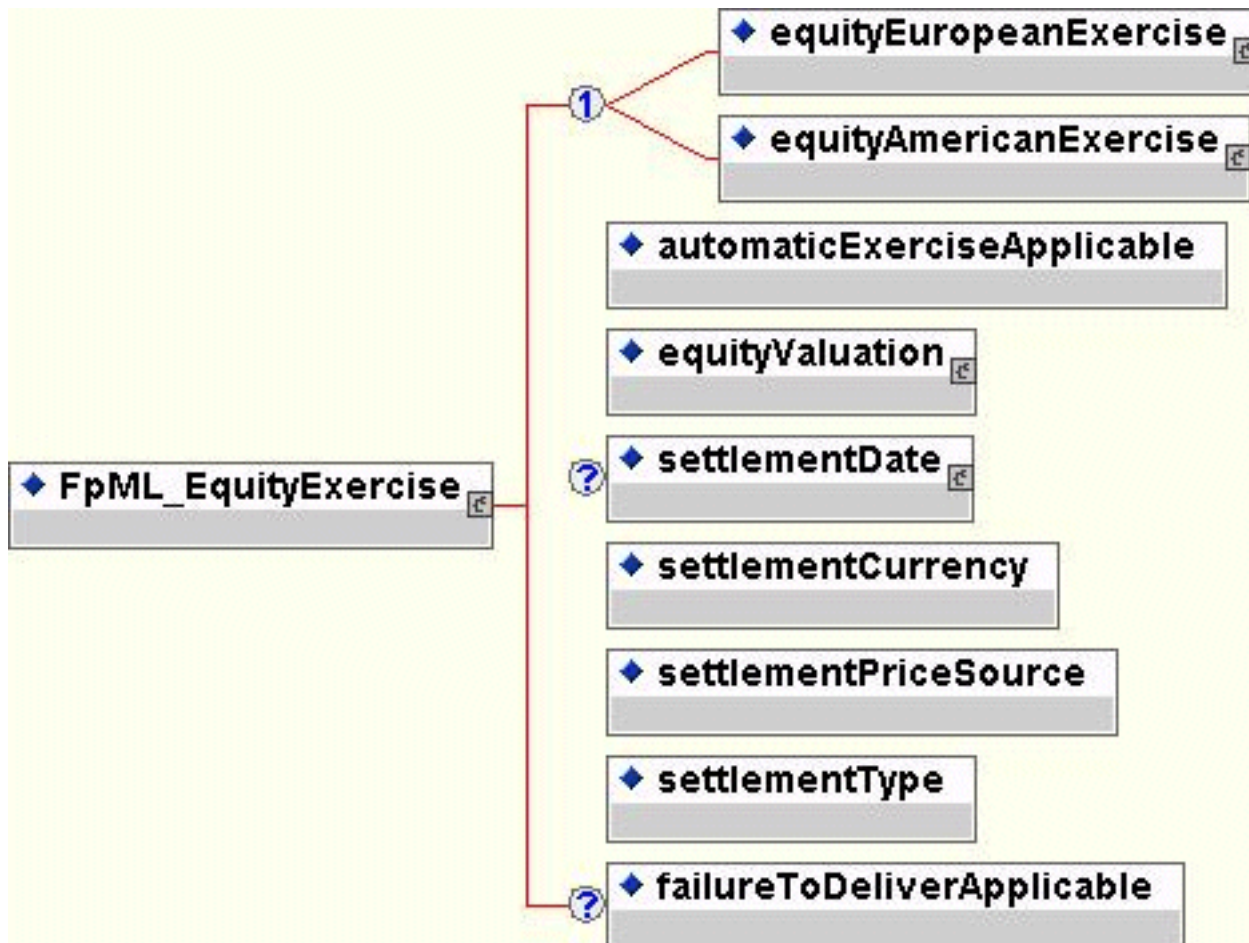
```
<!ENTITY % FpML_EquityEuropeanExercise "expirationDate , equityExpirationTimeType , equityExpirationTime?">
```

## FpML\_EquityExercise

### Description:

An entity for defining exercise procedures for equity options.

### Figure:



### Contents:

Either

**equityEuropeanExercise** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_EquityEuropeanExercise)

- The parameters for defining the expiration date and time for a European style equity option

Or

**equityAmericanExercise** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_EquityAmericanExercise)

- The parameters for defining the exercise period for an American style equity option together with the rules governing the quantity of the underlying that can be exercised on any given exercise date.



**automaticExerciseApplicable** (exactly one occurrence; of type *boolean*)

- If true then each option not previously exercised will be deemed to be exercised at the expiration time on the expiration date without service of notice unless the buyer notifies the seller that it no longer wishes this to occur.

**equityValuation** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_EquityValuation)

- The parameters for defining when valuation of the underlying takes place.

**settlementDate** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_RelativeDateOffset)

- Date on which settlement of option premiums will occur.

**settlementCurrency** (exactly one occurrence; of type *string*, an enumerated domain value defined by *currencyScheme*)

- The currency in which a cash settlement for non-deliverable forward and non-deliverable options.

**settlementPriceSource** (exactly one occurrence; of type *string*, an enumerated domain value defined by *settlementPriceSourceScheme*)

- The source from which the settlement price is to be obtained, e.g. a Reuters page, Prezzo di Riferimento, etc.

**settlementType** (exactly one occurrence; of type *string*, an enumerated domain value defined by *settlementTypeScheme*)

- How the option will be settled.

**failureToDeliverApplicable** (zero or one occurrence; of type *boolean*)

- Where the underlying is shares and the transaction is physically settled, then, if true, a failure to deliver the shares on the settlement date will not be an event of default for the purposes of the master agreement.

### ***Used by:***

- equityExercise

### ***DTD Fragment:***

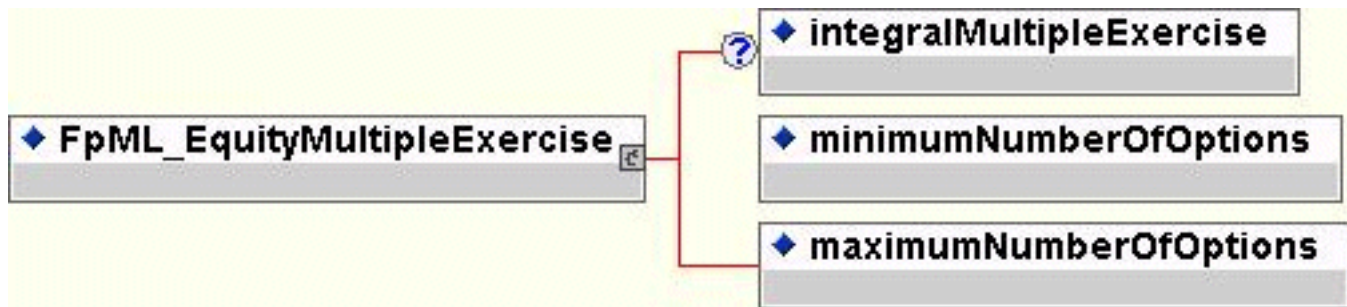
```
<!ENTITY % FpML_EquityExercise "(equityEuropeanExercise | equityAmericanExercise) ,
automaticExerciseApplicable , equityValuation , settlementDate? , settlementCurrency , settlementPriceSource
, settlementType , failureToDeliverApplicable?">
```

## FpML\_EquityMultipleExercise

### Description:

An entity for defining the multiple exercise provisions of an American style equity option.

### Figure:



### Contents:

**integralMultipleExercise** (zero or one occurrence; of type *decimal*)

- When multiple exercise is applicable and this element is present it specifies that the number of options that can be exercised on a given exercise date must either be equal to the value of this element or be an integral multiple of it.

**minimumNumberOfOptions** (exactly one occurrence; of type *decimal*)

- When multiple exercise is applicable this element specifies the minimum number of options that can be exercised on a given exercise date. If this element is not present then the minimum number is deemed to be 1.

**maximumNumberOfOptions** (exactly one occurrence; of type *decimal*)

- When multiple exercise is applicable this element specifies the maximum number of options that can be exercised on a given exercise date. If this element is not present then the maximum number is deemed to be the same as the number of options.

### Used by:

- equityMultipleExercise

### DTD Fragment:

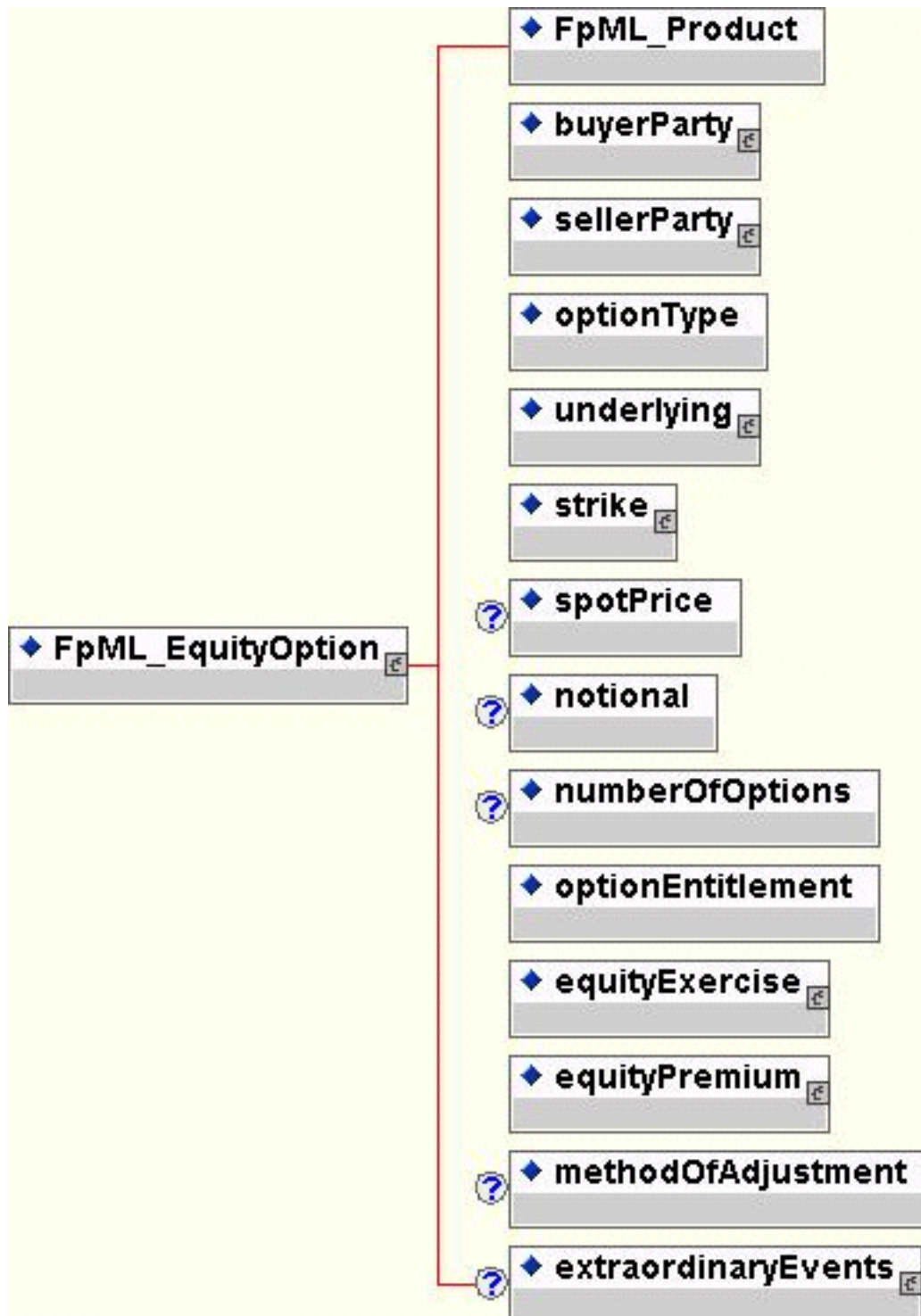
```
<!ENTITY % FpML_EquityMultipleExercise "integralMultipleExercise? , minimumNumberOfOptions , maximumNumberOfOptions">
```

## FpML\_EquityOption

### *Description:*

An entity for defining equity options.

### *Figure:*



## Contents:

**inherited element(s)** (this entity inherits the element(s) defined by exactly one occurrence of the entity FpML Product)

- The base entity which all FpML products extend.

**buyerParty** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML PartyDetails)

- The party buying the option.

**sellerParty** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML PartyDetails)

- The party selling the option.

**optionType** (exactly one occurrence; of type *string*, an enumerated domain value defined by *optionTypeScheme*)

- The type of option transaction.

**underlying** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML Equity)

- Defines the asset(s) on which the option is granted. Can be (a) shares - equity securities of a single issuer, (b) a basket of shares - a weighted basket of the equity securities of two or more issuers, (c) a basket of indices - a weighted collection of two or more equity indices, or (d) a portfolio basket - a weighted collection of two or more of: equity indices, equity securities, other securities of any type.

**strike** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML EquityStrike)

- The price per unit of the underlying at which the option may be exercised.

**spotPrice** (zero or one occurrence; of type *decimal*)

- The real-time price per share, index or basket.

**notional** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML Money)

- The notional amount.

**numberOfOptions** (zero or one occurrence; of type *decimal*)

- The number of options comprised in the option transaction.

**optionEntitlement** (exactly one occurrence; of type *decimal*)

- The number of shares per option comprised in the option transaction.

**equityExercise** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML EquityExercise)

- The parameters for defining how the equity option can be exercised, how it is valued and how it is settled.

**equityPremium** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML EquityPremium)

- The equity option premium payable by the buyer to the seller.

**methodOfAdjustment** (zero or one occurrence; of type *string*, an enumerated domain value defined by *methodOfAdjustmentScheme*)

- Defines how adjustments will be made to the contract should one or more of the

extraordinary events occur.

**extraordinaryEvents** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_ExtraordinaryEvents)

- Where the underlying is shares, specifies events affecting the issuer of those shares that may require the terms of the transaction to be adjusted.

***Used by:***

- equityOption

***DTD Fragment:***

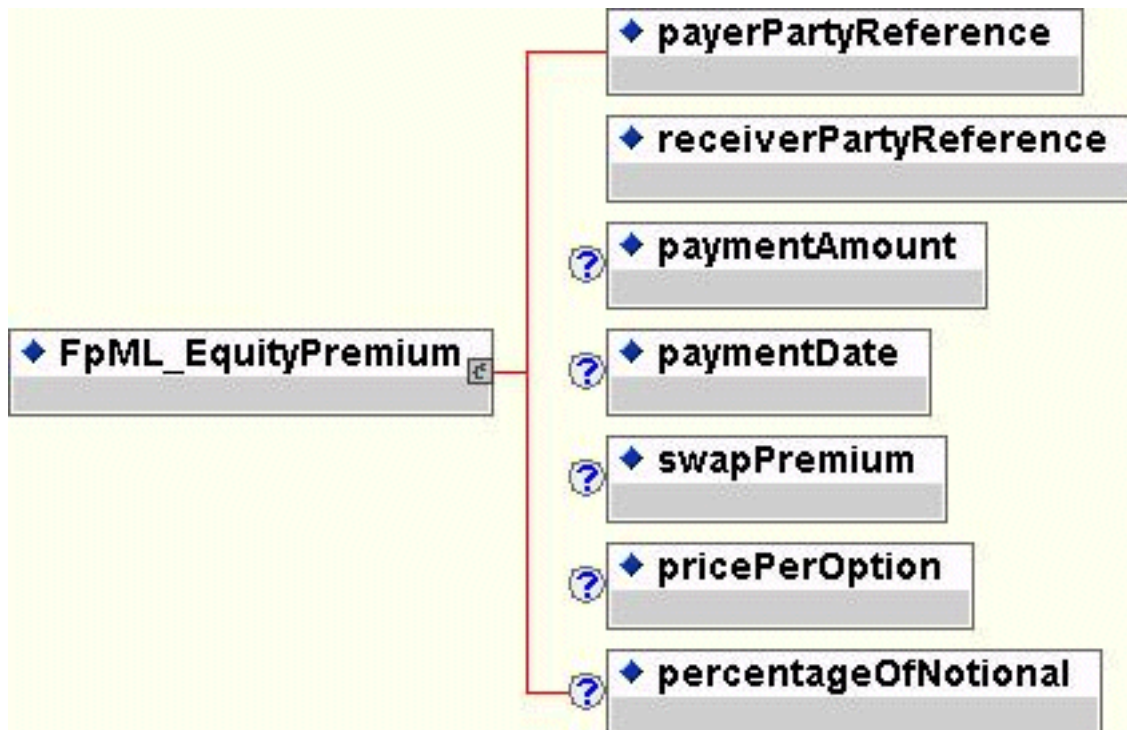
```
<!ENTITY % FpML_EquityOption "%FpML_Product; , buyerParty , sellerParty , optionType , underlying , strike
, spotPrice? , notional? , numberOfOptions? , optionEntitlement , equityExercise , equityPremium ,
methodOfAdjustment? , extraordinaryEvents?">
```

## FpML\_EquityPremium

### Description:

An entity used to describe the amount paid for an equity option.

### Figure:



### Contents:

**payerPartyReference** (exactly one occurrence; an *empty* element containing an *href* attribute)

- A pointer style reference to a party identifier defined elsewhere in the document.

**receiverPartyReference** (exactly one occurrence; an *empty* element containing an *href* attribute)

- A pointer style reference to a party identifier defined elsewhere in the document.

**paymentAmount** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_Money)

- The currency amount of the payment.

**paymentDate** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_AdjustableDate)

- The payment date. This date is subject to adjustment in accordance with any applicable business day convention.

**swapPremium** (zero or one occurrence; of type *boolean*)

- Specifies whether or not the premium is to be paid in the style of payments under an interest rate swap contract.

**pricePerOption** (zero or one occurrence; of type *decimal*)

- The amount of premium to be paid expressed as a function of the number of options.

**percentageOfNotional** (zero or one occurrence; of type *decimal*)

- The amount of premium to be paid expressed as a percentage of the notional value of the transaction. A percentage of 5% would be expressed as 0.05.

***Used by:***

- equityPremium

***DTD Fragment:***

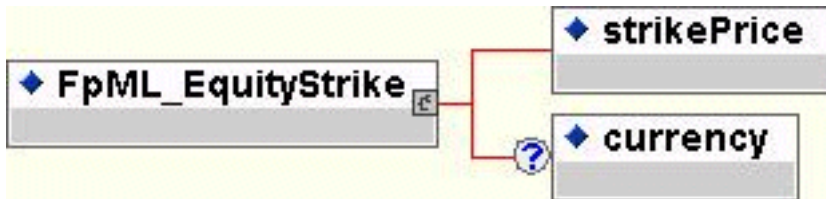
```
<!ENTITY % FpML_EquityPremium "payerPartyReference , receiverPartyReference , paymentAmount? ,  
paymentDate? , swapPremium? , pricePerOption? , percentageOfNotional?">
```

## FpML\_EquityStrike

### Description:

An entity for defining the strike price for an equity option. The strike price is either: (i) in respect of an index option transaction, the level of the relevant index specified or otherwise determined in the transaction; or (ii) in respect of a share option transaction, the price per share specified or otherwise determined in the transaction.

### Figure:



### Contents:

**strikePrice** (exactly one occurrence; of type *decimal*)

- The rate of exchange at which the option has been struck. It is expected that this will be consistent with the put and call currency amounts within the option leg.

**currency** (zero or one occurrence; of type *string*, an enumerated domain value defined by *currencyScheme*)

- The currency in which an amount is denominated.

### Used by:

- strike

### DTD Fragment:

```
<!ENTITY % FpML_EquityStrike "strikePrice , currency?">
```

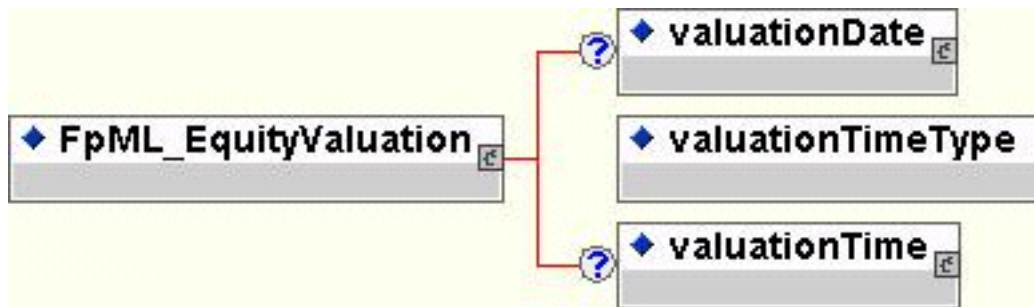


## FpML\_EquityValuation

### Description:

An entity for defining how and when an equity option is to be valued.

### Figure:



### Contents:

**valuationDate** (zero or one occurrence; of type *date*)

- The term "Valuation Date" is assumed to have the meaning as defined in the ISDA 1996 Equity Derivatives Definitions.

**valuationTimeType** (exactly one occurrence; of type *string*, an enumerated domain value defined by *timeTypeScheme*)

- The time of day at which the calculation agent values the underlying, for example the official closing time of the exchange.

**valuationTime** (zero or one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_BusinessCenterTime)

- The specific time of day at which the calculation agent values the underlying.

### Used by:

- equityValuation

### DTD Fragment:

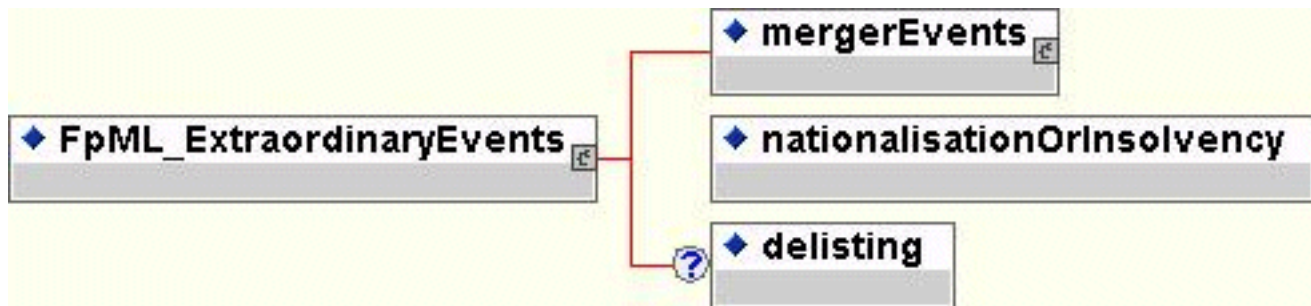
```
<!ENTITY % FpML_EquityValuation "valuationDate? , valuationTimeType , valuationTime?">
```

## FpML\_ExtraordinaryEvents

### Description:

Where the underlying is shares, defines events affecting the issuer of those shares that may require the terms of the transaction to be adjusted.

### Figure:



### Contents:

**mergerEvents** (exactly one occurrence; contains the sub-element(s) defined by exactly one occurrence of the entity [FpML\\_MergerEvents](#))

- Occurs when the underlying ceases to exist following a merger between the Issuer and another company.

**nationalisationOrInsolvency** (exactly one occurrence; of type *string*, an enumerated domain value defined by *nationalisationOrInsolvencyOrDelistingScheme*)

- The terms "Nationalisation" and "Insolvency" have the meaning as defined in the ISDA 1996 Equity Derivatives Definitions.

**delisting** (zero or one occurrence; of type *string*, an enumerated domain value defined by *nationalisationOrInsolvencyOrDelistingScheme*)

- The term "Delisting" has the meaning defined in the ISDA 1996 Equity Derivatives Definitions.

### Used by:

- extraordinaryEvents

### DTD Fragment:

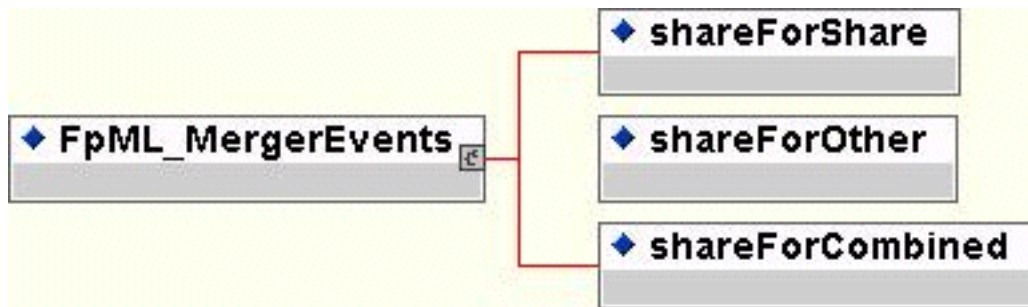
```
<!ENTITY % FpML_ExtraordinaryEvents "mergerEvents , nationalisationOrInsolvency , delisting?">
```

## FpML\_MergerEvents

### Description:

An entity for defining the merger events and their treatment.

### Figure:



### Contents:

**shareForShare** (exactly one occurrence; of type *string*, an enumerated domain value defined by *shareExtraordinaryEventScheme*)

- The consideration paid for the original shares following the Merger Event consists wholly of new shares.

**shareForOther** (exactly one occurrence; of type *string*, an enumerated domain value defined by *shareExtraordinaryEventScheme*)

- The consideration paid for the original shares following the Merger Event consists wholly of cash/securities other than new shares.

**shareForCombined** (exactly one occurrence; of type *string*, an enumerated domain value defined by *shareExtraordinaryEventScheme*)

- The consideration paid for the original shares following the Merger Event consists of both cash/securities and new shares.

### Used by:

- mergerEvents

### DTD Fragment:

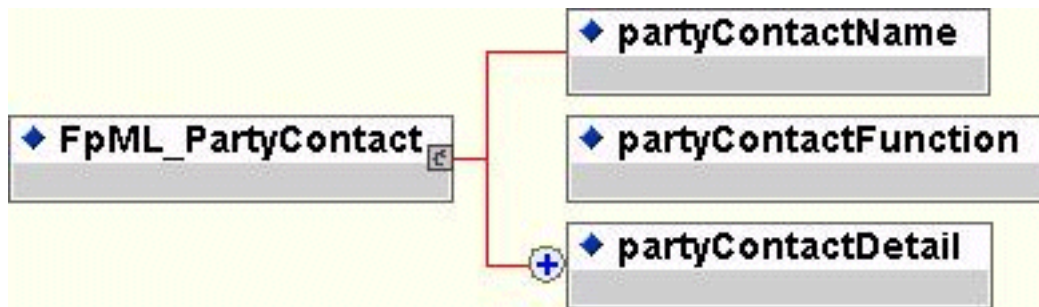
```
<!ENTITY % FpML_MergerEvents "shareForShare , shareForOther , shareForCombined">
```

## FpML\_PartyContact

### Description:

An entity for defining a person to contact at a party to the transaction and the methods of contacting that person.

### Figure:



### Contents:

**partyContactName** (exactly one occurrence; of type *string*)

- The name of the contact person at a party to the transaction.

**partyContactFunction** (exactly one occurrence; of type *string*, an enumerated domain value defined by *partyContactFunctionScheme*)

- The role or business area of the contact person.

**partyContactDetail** (one or more occurrences; of type *string*, an enumerated domain value defined by *partyContactDetailScheme*)

- A method of contacting the contact person, for example telephone number, fax number, e-mail address.

### Used by:

- partyContact

### DTD Fragment:

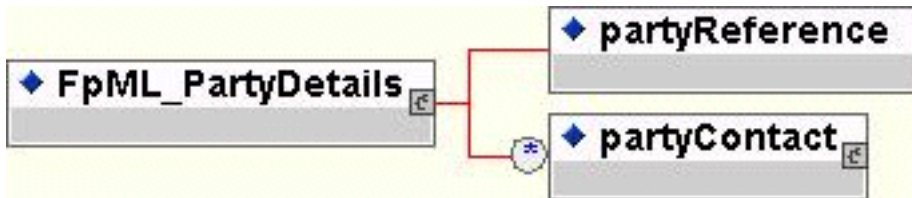
```
<!ENTITY % FpML_PartyContact "partyContactName , partyContactFunction , partyContactDetail+ ">
```

## FpML\_PartyDetails

### Description:

An entity for identifying a party to the transaction and the means of contacting that party.

### Figure:



### Contents:

**partyReference** (exactly one occurrence; an *empty* element containing an *href* attribute)

- A pointer style reference to a party identifier defined elsewhere in the document. The party referenced has allocated the trade identifier.

**partyContact** (zero or more occurrences; contains the sub-element(s) defined by exactly one occurrence of the entity FpML\_PartyContact)

- Defines a person to contact at a party to the transaction and how to contact that person.

### Used by:

- buyerParty
- sellerParty

### DTD Fragment:

```
<!ENTITY % FpML_PartyDetails "partyReference , partyContact*">
```