X-pand into the Future

eurex circular 119/17

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Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Michael Peters

⚠ **Action required**

RHI AG: Merger with Magnesita Refratários S.A and delisting of the share at the Vienna Stock Exchange

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Content may be most important for:	**Attachments:**
➲ All departments	None

Summary:

The companies RHI AG and Magnesita Refratários S.A. have decided to merge.

The company RHI AG was merged 1:1 into the RHI-Magnesita N.V., and listed in the premium segment on the Main Market of the London Stock Exchange. The first trading day of the new share was 27 October 2017. The new share RHI-Magnesita N.V. (ISIN: NL0012650360), which replaced the old share RHI AG (ISIN: AT0000676903), will not be available for settlement via Clearstream.

This circular describes the effects the merger has on the Eurex options contracts on the shares of RHI AG (ISIN: AT0000676903).

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RHI AG: Merger and delisting of the share at the Vienna Stock Exchange

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As a consequence of the merger, the shares of RHI AG have been delisted from the Vienna Stock Exchange as of 25 October 2017. Consequently, the equity options on RHI AG shares admitted to trading at the Eurex Deutschland and Eurex Zürich (collectively, the Eurex Exchanges) cannot be settled. Furthermore, the shares of the new entity, RHI-Magnesita N.V., admitted to trading at the LSE, can not be delivered via Clearstream, only via CREST.

Due to the aforementioned, § 15 of the Exchange Rules of Eurex Deutschland and Eurex Zürich will apply with regard to the respective options contracts on RHI AG at Eurex Deutschland and Eurex Zürich. The trading of the equity option on RHI AG will be terminated, physical delivery will be excluded and the Management Board shall determine the price of the underlying relevant for cash settlement.

The Settlement of the contracts shall take place according to the fair value method. The fair value of an option is calculated by means of the Cox-Ross-Rubinstein binomial model. The calculation for each options series takes place on the settlement day, taking into account the value of the underlying on the last trading day, the risk-free interest rate relating to the option's remaining term as well as any dividends. Furthermore, the volatility will be determined for the underlying. For determination of each such volatility, the following shall apply: From the settlement prices of the individual series on the ten days preceding the first public announcement of the delisting, the implicit volatility is calculated, and in a second step, the average volatility is determined. The highest and lowest value shall be excluded from the calculation of the average.

Further details can be found under the Corporate Action notice under:

http://www.eurexchange.com/exchange-en/products/equ/corporate-actions/RHI-AG--Merger/3137836

1 November 2017