

X-pand into the Future



eurex circular 052/15

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Telefonica SA: Capital increase

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Content may be most important for:

- Front Office/Trading
- Middle + Backoffice
- Auditing/Security Coordination

Attachments:

none

Summary:

On 26 March 2015, the company Telefonica SA announced the details of its capital increase with pro rata subscription rights for Telefonica SA shareholders. The subscription ratio will be 16:1, subscription price of the new shares will be EUR 10.84.

The transaction will result in an adjustment of the Eurex options, the Eurex Single Stock Futures contracts and the Eurex Single Stock Dividend Futures contract on shares of Telefonica SA (TNE5, TEFF, TEFP, T2NE).

Ex date will be **30 March 2015**.

This circular contains a description of the adjustment procedure.



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Telefonica SA: Capital increase

Measure:

Capital increase with subscription rights for the shareholders of Telefonica SA

Subscription ratio:

16:1, i. e. 16 existing shares of Telefonica SA entitle to subscribe to one new share of Telefonica SA

Subscription price:

EUR 10.84

Last cum trading day:

27 March 2015

Ex date:

30 March 2015

Start of subscription period:

30 March 2015

Affected products:

TNE5, TEFF, TEFP, T2NE

Reference to underlying Rules & Regulations:

Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich, sections 1.6.7 (3), 1.14.8 (3) and 2.6.10.1 (3)

ISIN:

The ISIN of the Telefonica SA share (ES0178430E18) will remain unchanged.

Procedure

Determination of adjustment factor (R-factor)

The official closing auction price of the Telefonica SA share at Bolsa de Madrid on the last cum trading day will be the basis for determination of the R-factor.

The R-factor will be determined with eight decimal places. It is calculated in the following way:

$$R = ((\text{number of existing shares} / \text{number of new shares}) * (1 - ((\text{issue price of new shares} / \text{closing auction price}))) + ((\text{issue price of new shares} / \text{closing auction price}))$$

Options

1. Adjustment of strike prices and contract sizes

Existing strike prices will be multiplied by the R-factor.

The contract size will be divided by the R-factor.

The version number of existing series will be increased by 1.

The adjusted strike prices and contract sizes will be published via the **Market Supervision Messages** window immediately after close of trading on the last cum trading day.

New series with standard contract size 100 and version number 0 will be introduced effective the ex date.

All existing orders and quotes will be deleted after close of trading on the last cum trading day.

The adjustment also refers to existing positions in TES Flexible Options.

2. Exercises

In general, upon exercise of an adjusted series cash settlement will be made for the fractional part of the new contract size. For exercise of adjusted series as of version 2, differences may occur in the delivery process. In report RPTTA111 (All Active/Inactive Series), the parts of the contract size are listed for which cash settlement will take place in case of exercise of an adjusted series.

Futures

1. Adjustment of contract size and variation margin

The adjustment will be made with the same R-factor as for the options.

To adjust the calculation of the variation margin of the following exchange trading day, settlement prices of the last cum trading day will be multiplied by the R-factor.

The new contract size will be calculated as follows:

$$\text{Contract size new} = \text{contract size old} / \text{R-factor}$$

All existing orders and quotes will be deleted after close of trading on the last cum trading day.

The adjustment also refers to existing positions in TES Flexible Futures.

2. Introduction of new contracts

New Eurex Single Stock Futures contracts on Telefonica SA shares will be introduced with standard contract size 100 and new product codes TEFG and TEFQ. Furthermore, a new Eurex Single Stock Dividend Futures contract on Telefonica SA shares will be introduced with standard contract size 1000 and new product code T3NE.

The exact introduction date will be announced via a separate Eurex circular.

As soon as the new contracts are available for trading and there are no more contract months with open interest in the original contracts on Telefonica SA shares (TEFF, TEFQ, T2NE), trading in these contracts will be put on "HALT" and finally discontinued.

Furthermore, no more contract months will be introduced in the original contracts on Telefonica SA (TEFF, TEFQ, T2NE). All existing contract months without open interest will be suspended from trading.

Please note: If there is no open interest in one of the original contracts on Telefonica SA (TEFF, TEFQ, T2NE) on the last cum trading day after close of trading, no adjustment will take place and no new contracts will be introduced.

27 March 2015