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# eurex circular 013/07

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**Recipients:** All Eurex Members and Vendors
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⚠ **High priority**

## Merck KGaA: Capital Increase

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**Content may be most important for:**

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

**Attachments:**
None


**Summary:**

By means of a press release on January 21, 2007, Merck KGaA announced a capital increase with subscription rights for Merck KGaA SA shareholders. Subscription ratio will be 29:4, subscription price for the new shares will be EUR 78.00. The new shares will be entitled to dividend as of the 2006 fiscal year. The subscription period is scheduled to begin on January 24, 2007. As a consequence of the capital increase, an adjustment to the Eurex option on shares of Merck KGaA (MRK) as well as to the Eurex stock futures contract on Merck KGaA (MRKF) will become necessary.

Ex date will be **January 24, 2007**.

This circular describes the adjustment procedure.



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# Merck KGaA: Capital Increase

On January 21, 2007, Merck KGaA announced a capital increase with subscription rights for Merck KGaA shareholders.

As a consequence of the capital increase an adjustment to the Eurex option on shares of Merck KGaA (MRK) pursuant to section 2.6.10.1 (3) as well as to the Eurex stock futures contract on Merck KGaA (MRKF) pursuant to section 1.6.7 (3) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will become necessary.

Ex date will be January 24, 2007.

The capital increase will be managed as follows:

- 29 existing Merck KGaA shares entitle to subscribe to four new shares of Merck KGaA
- Subscription price for the new Merck KGaA shares will be EUR 78.00
- The subscription period will start on January 24, 2007.
- New Merck KGaA shares will be entitled to dividend as of the fiscal year of 2006

The Eurex Exchanges will calculate the adjustment factor (R-factor) on the basis of the closing auction price at Xetra on January 23, 2007. The exercise prices will be reduced by multiplying them by the R-factor (for options only). The contract size will be increased accordingly so that the original contract value will be maintained. The version number of existing series will be increased by 1 (for options only).

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

R = ((number of existing shares / number of new shares) * (1 - (issue price of new shares / closing auction price))) + (issue price of new shares / closing auction price)

R = ((29 / 33)*(1 - (78.00 / Cls.Price))) + (78.00 / Cls.Price)

The adjusted contract size will have four decimal places. It is calculated in the following way:

Contract size new = (Contract size old * strike price old) / strike price new

The adjusted series and the resulting new contract sizes will be published via the **Market Supervision Messages** window immediately after close of trading on January 23, 2007.

Upon exercise of an adjusted series, cash payment will be made for the fractional part of the new contract size (for options only).

New series with the version number 0 and a standard contract size of 100 will be introduced with effect from January 24, 2007 (for options only). All outstanding orders and quotes will be deleted after close of trading on January 23, 2007.

The adjustment to the Eurex stock futures contract (MRKF) will be made by means of the same adjustment factor as for the options. To compensate for the calculation of the next day's variation margin the settlement prices of the Eurex stock futures contract on Merck KGaA of January 23, 2007 will be multiplied by the R-factor.

The new contract size will be calculated as follows:

New contract size = old contract size / R-factor

After the adjustment a new Eurex stock futures contract on Merck KGaA will be introduced with a standard contract size of 100 and new product code MRKG. The exact date of introduction will be communicated via the **Market Supervision Messages** window.

As soon as there are no more series with open interest, trading in the original Eurex stock futures contract on Merck KGaA (MRKF) will be discontinued.

**If there is no open interest on the Eurex stock futures contract on Merck KGaA (MRKF) after end of trading on the last cum trading day on January 23, 2007, no adjustment will be made.**

The ISIN of Merck KGaA (DE0006599905) will remain unchanged.

Please contact the Functional Helpdesk Equity and Equity Index Products on tel. +49-69-211-1 12 10 should you have any further questions.

Frankfurt, January 23, 2007