X-pand into the Future

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Recipients: All Eurex members and vendors
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⚠ **High Priority**

BNP Paribas: Capital Increase

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Content may be most important for:	**Attachments:**
➲ Front Office / Trading ➲ Middle + Back Office ➲ Auditing / Security Coordination	none

Summary:

On March 3, 2006 BNP Paribas announced a capital increase with subscription rights for BNP Paribas shareholders. Subscription ratio will be 10:1, subscription price for the new BNP Paribas shares EUR 65.40. The new shares will only be entitled to dividend as of the 2006 fiscal year. The subscription period is scheduled to begin on March 7, 2006. As a consequence of the capital increase an adjustment to the Eurex option on shares of BNP Paribas (BNP) as well as to the futures contract on BNP Paribas shares (BNPF) will become necessary.

This circular describes the adjustment procedure.

BNP Paribas: Capital Increase

On March 3, 2006 BNP Paribas announced a capital increase with subscription rights for BNP Paribas shareholders. Subscription ratio will be 10:1, subscription price for the new BNP Paribas shares EUR 65.40. The new shares will only be entitled to dividend as of the fiscal year of 2006. The subscription period will begin on March 7, 2006. As a consequence of the capital increase an adjustment to the Eurex option on shares of BNP Paribas (BNP) pursuant to section 2.6.10.1 (2) as well as to the futures contract on BNP Paribas shares (BNPF) 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.

The capital increase will be managed as follows:

- Ten existing BNP Paribas shares entitle to subscribe to one new share of BNP Paribas
- The subscription price for the new BNP Paribas shares will be EUR 65.40
- The subscription period will start on March 7, 2006.
- New BNP Paribas 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 Euronext on March 6, 2006. 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 the existing series will be increased by 1 (for options only).

The R-factor is calculated as follows:

R = ((number of existing shares/number of new shares) * (1 – (issue price of new shares plus a dividend disadvantage of EUR 2.60/closing auction price))) + (issue price of new shares plus a dividend disadvantage of EUR 2.60/closing auction price)

The adjusted series and the resulting new contract sizes will be published via the **Market Supervision Messages** window immediately after close of trading on March 6, 2006.

Upon exercise of an adjusted series, a cash payment will be made for the number of shares in excess of the standard 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 March 7, 2006 (for options only). All outstanding orders and quotes will be deleted after close of trading on March 6, 2006.

The adjustment to the futures contract on BNP Paribas shares (BNPF) 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 stock futures contract on BNP of March 6, 2006 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 stock futures contract on BNP will be introduced with a standard contract size of 100. The exact date of introduction will be communicated via the **Market Supervision Messages** window.

On the days prior to the corporate action the **Contract Cover Assignment Entry** window should be used to delete all allocations of shares covering short call positions for the BNP product.

The product ISIN of BNP Paribas (FR0000131104) will remain unchanged.

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

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