X-pand into the Future

e u r e x *circular 035/01*

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

Roche, ABB and Novartis Stock Splits

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

Summary:

The Swiss securities law has been changed such that as of 01 May, 2001 the minimum nominal value of a share can be CHF 0.01 instead of CHF 10.00.

The companies Roche, ABB and Novartis have made the decision to split their stock. According to SWX information, Roche will be quoted ex-split from 04 May, 2001, and ABB and Novartis from 07 May, 2001, under new ISIN codes. The adjustments to the Roche option (ROG), the ABB option (ABBN), and the Novartis option (NOVN) will take place during the last batch run prior to the respective quotation ex-split.

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Roche, ABB and Novartis Stock Splits

The Swiss securities law has been changed such that, as of 01 May, 2001, the minimum nominal value of a share can be CHF 0.01 instead of CHF 10.00. In the past weeks a number of companies have decided to use this opportunity to split their shares in the near future.

The companies Roche, ABB and Novartis have made the decision to split their stock. According to SWX information, Roche will be quoted ex-split from 04 May, 2001, and ABB and Novartis from 07 May, 2001, under new ISIN codes. The adjustments to the Roche option (ROG), the ABB option (ABBN), and the Novartis option (NOVN) will take place on Eurex during the last batch run prior to the respective quotation ex-split.

As part of the split procedure, each of the shares will be given a new ISIN code. The WKNs remain unchanged.

The following dates have also been announced:

Product	Quotation ex-split	Old ISIN	New ISIN
ROG	04 May, 2001	CH0002241815	CH0012032048
ABBN	07 May, 2001	CH0003846620	CH0012221716
NOVN	07 May, 2001	CH0004458847	CH0012005267

Associated with the stock splits, the Eurex Management Boards have made the decision to adjust the following parameters of the stock option contract specifications as required:

- Standard contract size
- Tick Size / Tick Value
- Exercise price gradation
- Market Maker Maximum Spread
- Display decimals

New contract specifications will be issued in the coming weeks.

The following adjustments will be made for the products mentioned above:

Roche Option (ROG) Split ratio 100:1

The existing series will be adjusted with an R-factor of 0.01. By way of an example, an exercise price of 12000 with a contract size of 1 would be adjusted to an exercise price of 120 with a contract size of 100. All adjusted series will be given the version number 1. New expirations introduced after the split on the grounds of the price change will have version number 0 and will also have a contract size of 100 shares. Consequently, there will be no difference between series with version number 1 or 0. After the adjustment, foreseen from 07 May, 2001, two decimal digits will be added to the displayed exercise prices (120 →12000).

Additional changes valid from 04 May, 2001:

New ISIN: CH0012032048
Tick Size / Tick Value will change from CHF 0.10 to CHF 0.01
Minimum price change for all option prices will be CHF 0,01
Market Maker Maximum Spread:

Bid up to	Spread
0 -10	2.0
10.01 - 30.00	20%
> 30.00	6.0

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No changes will be made in the system to the product ROGC (Roche/Givaudan Basket). On exercise, however, 100 ROG shares will be delivered per contract instead of 1 ROG share.

Novartis Option (NOVN) Split Ratio 40:1

With the split ratio of 40:1, after the adjustment certain exercise prices would contain fractions (e.g. 2300 would become 57.5).Therefore, with effect from 03 May, 2001 all exercise prices will be extended by one decimal (e.g. from 2300 to 23000). Through the adjustment, an exercise price of 23000 with a contract size of 10 will result in a displayed exercise price of 575 and a contract size of 400. After the adjustment, the version number will be increased to 1. No new series with version number 0 will be introduced. Similar to ROG after the adjustment, from 08 May, 2001 one further decimal place will be added (575 → 5750).

For Novartis options, it is also intended to introduce a standard contract size of 100 shares in future. For this reason, a further adjustment is necessary, which will be carried out on 11 May, 2001. Through this adjustment, current positions will be multiplied by the factor 4 and the contract size will be correspondingly divided. Thus, an original position of one contract of 400 shares will convert to 4 contracts of 100 shares. The version number of the series will be changed from 1 to 2.

These procedures will avoid the situation in connection with the split, that identical exercise prices with different contract sizes of 100 and 400 shares will exist.

Additional changes valid from 07 May, 2001:

New ISIN: CH0012005267
Tick Size / Tick Value will change from CHF 0.10 to CHF 0.01
Minimum price change for all prices will be CHF 0,01
Market Maker Maximum Spread:

Bid up to	Spread
0 - 5	1.0
10.01 - 15.00	20%
> 15.00	3.0

On the system side, no changes will be made to the NOTS product (Novartis/Syngenta basket). However, on exercise, 400 NOVN shares per contract will be delivered instead of 10 NOVN shares.

ABB Option (ABBN) Split Ratio 4:1

Current series will be adjusted by the R-factor 0.25. Consequently, for example, an exercise price of 115 with a contract size of 10 shares will convert to a displayed exercise price of 2875 and a contract size of 40. In order to carry out the adjustment with two decimal places, with effect from 04 May, 2001, all ABBN series will have two decimals added (115 → 11500). Following the split adjustment, from 07 May, 2001, the version number of all series will be increased to the value 1. No new series with version number 0 will be introduced for ABBN.

Additional changes valid from 07 May, 2001:

New ISIN: CH0012221716
Tick Size / Tick Value will change from CHF 0.10 to CHF 0.01
Market Maker Maximum Spread:

Bid up to	Spread
0 - 5	1.0
10.01 - 15.00	20%
>15.00	3.0

Similar to the options mentioned above, the future standard contract size for ABB options will also be 100 shares. However, in contrast to NOVN and ROG, due to the split ratio being less than 10, the existing series cannot be given a contract size of 100 shares. Consequently, an additional option on ABB with a standard contract size of 100 shares will be introduced from 07 May, 2001. The other parameters will be identical to those of the existing ABB option. Current market maker licenses for ABB will be automatically extended to the additional ABB option. No new exercise prices or expirations will be introduced for the current ABB options whose series will be adjusted.

Exchange symbol for the new ABB option	ABB2
ISIN of the new ABB option	CH0003845838

Please take account of the changes described above on the appropriate dates.

Frankfurt, 27 April, 2001 (Updated 03 May, 2001)

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