X-pand into the Future

e u r e x *circular 180/06*

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Recipients: All Eurex members and vendors
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High Priority

Swisscom (SCMN): Share Buyback through Allocation of Put Options

Adjustment of Strike Price Display for SCMN Options

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

Summary:

On **August 23, 2006,** Swisscom published details on the planned share buyback. Swisscom shareholders will be allocated one free put option for each stock they hold. Each 23 put options entitle shareholders to sell two shares to Swisscom for an exercise price of CHF 450. Record date for allocations is August 29, 2006.

As a result of the allocation of put options, adjustments of Eurex options on shares of Swisscom (SCMN) and of the stock futures contract on Swisscom (SCMF) will be required.

Ex date will be **August 30, 2006**.

This circular contains a description of the adjustment procedure.

Also, effective August 29, 2006, strike prices in options on Swisscom will be displayed with one decimal place.

Should you have any questions, please contact the Functional Helpdesk Equity and Equity Index Products at telephone +49-69-211-1 12 10.

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Swisscom (SCMN): Share Buyback through Allocation of Put Options

Adjustment of Strike Price Display for SCMN Options

On **August 23, 2006,** Swisscom published details on the planned share buyback program which will be carried out by means of put options. The details are as follows:

- For each Swisscom share, one free put option will be allocated
- Record date for the allocation will be August 29, 2006
- Trading in put options will take place between August 30, 2006 and September 12, 2006
- Exercise price of the put options is CHF 450
- Each 23 put options entitle shareholders to sell two shares to Swisscom for the exercise price

As a result of the allocation of free put options, adjustments of Eurex options on shares of Swisscom (SCMN) pursuant to Section 2.6.10.1 (2) and of the stock futures contract on Swisscom (SCMF) pursuant to Section 1.6.7 (2) of the Contract Specifications for Futures Contracts and Options Contracts at Eurex Deutschland and Eurex Zürich will be required.

The adjustment will take place after close of trading on August 29, 2006 on the basis of the closing auction price of the Swisscom share at virt-x. The adjustment will be carried out by means of the R-factor method. **Please note that since the introduction of Eurex Release 8.0-1, the R-factor is being calculated with as many as eight decimal places instead, as before, with only four decimal places.**

The R-factor will be calculated as follows:

As a first step the adjusted closing price (SCMN ex) will be calculated

SCMN ex = ((23 * closing price SCMN) – (450 *2)) / 21

R = SCMN ex / closing price cum

The version number of all existing series will increase by 1. Adjusted series and the resulting new contract sizes will be published immediately after close of trading on August 29, 2006 in the **Market Supervision Messages** window.

Upon execution of an adjusted series cash settlement will take place for the fractional part of the new contract size (only for options).

New series with version number 0 and standard contract size 10 will be introduced with effect from August 30, 2006 (only for options). All existing orders and quotes will be deleted after close of trading on August 29, 2006.

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 product SCMN.

Adjustment of Strike Price Display:

Effective from August 29, 2006, strike prices of Swisscom options will be displayed with one decimal place (Example: strike price old 400 → strike price new 4000). This is made to avoid as best as possible rounding errors resulting from the following corporate action.

Adjustment of the stock futures contract on Swisscom (SCMF) will be done with the same R-factor as for the options. To adjust the calculation of the variation margin on the following day, settlement prices of the stock futures contract on Swisscom from August 29, 2006 will be multiplied by the R-factor.

The new contract size will be calculated as follows:

Contract size new = contract size old / R-factor

After the adjustment, a new stock futures contract on Swisscom with standard contract size 10 and new product code SCMG will be introduced.

The exact date of introduction will be published via the **Market Supervision Messages** window.

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

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Frankfurt, August 25, 2006

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