X-pand into the Future

e u r e x *circular 075/01*

Date: Frankfurt, 25 July, 2001
Recipients: All Eurex members and vendors
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⚠ **Action Required**

Adjustments to options on UHRN, CSGN and RUKN due to stock splits

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

Summary:

The companies Swatch Group (UHRN), Credit Suisse (CSGN) and Swiss Re (RUKN) have made the decision to split their stock. Quotation ex-split will be on 10 August, 2001 for UHRN, 15 August, 2001 for CSGN, and 17 August, 2001 for RUKN, each with a new ISIN code. The adjustment to the UHRN, CSGN and RUKN options at Eurex will take place during the last batch run prior to the respective quotation ex-split.

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UHRN, CSGN and RUKN Stock Splits

The companies Swatch Group (UHRN), Credit Suisse (CSGN) and Swiss Re (RUKN) have made the decision to split their stock. Quotation ex-split will be on 10 August, 2001 for UHRN, 15 August, 2001 for CSGN, and 17 August, 2001 for RUKN, each with a new ISIN code. The adjustment to the UHRN, CSGN and RUKN options at Eurex will take place during the last batch run prior to the respective quotation ex-split.

Produkt	Quotation ex-split	Old ISIN	New ISIN
UHRN	10 August, 2001	CH0000800448	t.b.a.
CSGN	15 August, 2001	CH0001462487	t.b.a.
RUKN	17 August, 2001	CH0001245585	t.b.a.

Adjustments to the above-mentioned products will take place as follows:

Option on Swatch (UHRN) - Split Ratio 10:1

Swatch Group will carry out the nominal value reduction through a capital repayment in the amount of CHF 5.50 followed by a split in the ratio 10:1. As the capital repayment will be handled as a dividend payment, only CHF 3.10 will be taken into account in the adjustment of the option. This amount is derived from the amount of the effective capital repayment (CHF 5.50) reduced by the amount of last year's dividend (CHF 2.40).

The R-factor will be calculated as follows

S1 = Closing price of the equity cum
S2 = S1 minus CHF 2.40 (last year's dividend)
S3 = S2 minus CHF 3.10 (amount to take into account from the capital repayment).

R-factor = (S3/S2) / 10
The calculation of the R-factor is carried out to 4 decimal places.

The adjustment of the exercise prices is made through multiplication by the R-factor

The new contract size will be calculated as follows:
New contract size = (Old exercise price* old contract size) / new exercise price.

In future, exercise prices will be displayed to 2 decimal places. Before the split, with effect from 09 August, 2001, two decimal places will be added to all exercise prices. Within the framework of the split, the version number of adjusted series will be increased by 1.

In future, the standard contract size will be 100 shares. New standard series (Version 0), introduced after the split, will therefore have a standard contract size of 100 shares.

Additional changes valid from 10 August, 2001:

New ISIN: t.b.a.
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:

Spread Classification: CHF Class I

Bid up to	Spread
0 - 5.00	CHF 1.00
05.01 - 15.00	20%
> 15.00	CHF 3.00

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Option on Credit Suisse (CSGN) - Split Ratio 4:1

The split ratio of 4:1 gives an R-factor of 0.25. Existing series will be multiplied by the R-factor 0.25. The contract size will be divided by 0.25. The version number of all adjusted series will be increased by 1.
In future, exercise prices will be displayed to 2 decimal places. Before the split, with effect from 14 August, 2001, two decimal places will be added to all exercise prices. In future, the standard contract size will be 100 shares. New standard series (Version 0), introduced after the split, will therefore have a standard contract size of 100 shares.

Additional changes valid from 15 August, 2001:

New ISIN: t.b.a.
Tick Size / Tick Value will change from CHF 0.10 to CHF 0.01
Market Maker Maximum Spread:

Spread Classification: CHF Class I

Bid up to	Spread
0 - 5.00	CHF 1.00
5.01 - 15.00	20%
>15.00	CHF 3.00

Option on Swiss Re (RUKN) – Split Ratio 20:1

Swiss Re will carry out the nominal vale reduction through a capital repayment in the amount of CHF 8.00 followed by a split in the ratio 20:1.

The R-factor will be calculated as follows

S1 = Closing price of the equity cum
S2 = S1 minus CHF 8.00 (Capital repayment)

R-factor = (S2/S1) / 20
The calculation of the R-factor is carried out to 4 decimal places.

The adjustment of the exercise prices is made through multiplication by the R-factor

The new contract size will be calculated as follows:
New contract size = (Old exercise price * old contract size) / new exercise price.

In future, exercise prices will be displayed to 2 decimal places. For this, one decimal digit will be added with effect from 16 August, 2001 (3200 becomes 32000). The split will be carried out on 17 August, 2001. Assuming an R-factor of 0.0499, a displayed price of 32000 will become a displayed price of 1597, equivalent to an exercise price of 159.7. As the exercise price only has one decimal display digit at this stage, rounding may occur.

The version number of all adjusted series will be increased by 1. With effect from 20 August, 2001, a further decimal digit will be added to the exercise price display (1597 will become 15970 which corresponds to an exercise price of 159.70).

In future, the standard contract size will be 100 shares. New standard series (Version 0), introduced after the split, will therefore have a standard contract size of 100 shares.

Additional changes valid from 17 August, 2001:

New ISIN: t.b.a.
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:

Spread Classification: CHF Class III

Bid up to	Spread
0 –20.00	CHF 4.00
20.01 - 50.00	20%
> 50.00	CHF 10.00

Further Information related to the adjustments

- On the day prior to a split, all assignments to short call positions of the corresponding stocks on screen I030 (Contract Cover Assignment Entry) should be cancelled for the option concerned.
- On the day prior to a split, open deliveries in the affected securities will be cancelled, and replaced in the delivery system on the ex-date with the new ISIN and adjusted number of shares to deliver.
- On the ex-date, collateral balances will be modified to the new values in the Eurex system.
- All open orders will be cancelled after close of trading on the last trading day cum.
- The new series and contract sizes will be announced immediately after the close of trading on the day of the adjustment via the Newsboard / Market Supervision Messages window.
- The new ISIN codes will be published on the Newsboard / Market Supervision Messages window as soon as they become known.

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

Frankfurt, 25 July, 2001

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