X-pand into the Future

e u r e x *circular 085/01*

Date: Frankfurt, 24 August, 2001
Recipients: All Eurex members and vendors
Authorized by: Daniel Gisler

⚠ **Action Required** ⚠ **High Priority**

1. Swisscom (SCMN): Nominal Value Reduction
2. Exercise of Swiss Index and Equity Products on the Last Trading Day

Related circulars: 077/01 (Point 2)

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

Summary:

1. Swisscom (SCMN): Nominal Value Reduction

At their Annual General Meeting on 29 May, 2001 the shareholders of Swisscom passed a resolution to reduce the nominal value of their shares by CHF 8.00. The distribution will take place with effect from 11 September, 2001. The adjustment of the Swisscom options on Eurex will take place after close of trading on 10 September, 2001.

2. Exercise of Swiss Index and Equity Products on the Last Trading Day

Circular 077/01 contained an error relating to the time to which Swiss equity and index options could be exercised on the Last Trading Day. The Post-Trading Full Period on the Last Trading Day of Swiss equity or index contracts will end at the same time as on normal trading days, at 19:00 CET. The web-site copy of Circular 077/01 has been amended with the correction.

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1. Swisscom (SCMN): Nominal Value Reduction
2. Exercise of Swiss Index and Equity Products on the Last Trading Day

1. Swisscom (SCMN): Nominal Value Reduction

At their Annual General Meeting on 29 May, 2001 the shareholders of Swisscom passed a resolution to reduce the nominal value of their shares by CHF 8.00. The distribution will take place with effect from 11 September, 2001.

On 10 April, 2001 immediately after the planned nominal value reduction was known, Eurex announced the adjustment to the option and the associated procedure via the Newsboard / Market Supervision Messages window. Consequently, the adjustment will be carried out as follows:

The adjustment will take place on 10 September, 2001 and will reflect a value of CHF 4.00. As announced on April 10, 2001 this value results from the dividend of CHF 11.00 distributed on 01 June, 2001, plus the nominal value reduction of CHF 8.00, minus the previous year's dividend of CHF 15.00 (CHF 11.00 + 8.00 – 15.00).

The adjustment factor will be calculated as follows:

S1 = Closing price of SCMN on 10 September, 2001
S2 = S1 – CHF 4.00 (the portion of the nominal value reduction to be regarded as a dividend)
S3 = S2 – CHF 4.00 (the portion of the nominal value reduction to be taken into account for the adjustment)

R = S3 / S2

The adjustment to the exercise prices will be effected through multiplication by the R-factor. As no decimal places will be introduced, rounding to the full CHF amount will take place.

The new contract sizes will be calculated as follows:

New contract size = (Old exercise price * old contract size) / New exercise price

All adjusted series will have their version number increased by one.

New series with version number 0 and a contract size of 10 shares will be introduced on 11 September, 2001.

Existing orders and quotes will be deleted after the close of trading on 10 September, 2001.

The adjusted series with the new exercise prices and contract sizes will be published on Newsboard / Market Supervision Messages window immediately after close of trading on 10 September, 2001.

2. Exercise of Swiss Index and Equity Products on the Last Trading Day

Circular 077/01 contained an error relating to the time to which Swiss equity and index options could be exercised on the Last Trading Day. The Post-Trading Full Period on the Last Trading Day of Swiss equity or index contracts will end at the same time as on normal trading days, at 19:00 CET. The web-site copy of Circular 077/01 has been amended with the correction.

Please take the changes described above into account.

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