

13 Oct 2022

IDEM – Right Issue: Impact on stock options and stock futures on Banca Monte Paschi Siena ordinary shares

To the attention of:	Members of Derivatives Sections
Priority:	Medium
Topic:	Right Issue: Impact on stock options and stock futures on Banca Monte Paschi Siena ordinary shares (BMPS)

Foreword

On Monday 17 October 2022 a Right Issue on Banca Monte Paschi Siena (BMPS) ordinary shares will be executed with impact on Options contracts and Futures contracts.

In order to maintain the financial equivalence, Euronext Clearing will proceed with the derivatives position rectification at the end of the trading session on Friday 14 October 2022, as indicated in the Borsa Italiana's Notice n°39342 of 13 October 2022, n°39373 dated 13 October 2022 and section B.3.1.6 of the Euronext Clearing Rules.

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1. Adjustment of positions

At close of trading day of Friday 14 October 2022 and after the night batch, open positions will be adjusted as indicated below.

1.1 Options positions¹

- a) The strike prices will be multiplied by the K^2 coefficient diffused by Borsa Italiana, and then rounded to the fourth decimal:

$$\text{Strike Price Ex} = \text{Strike Price Cum} \times K;$$

- b) the number of underlying shares will be divided by the same K coefficient rounded to the unit:

$$\text{Shares Number} = 1 \times \frac{1}{K}$$

1.2 Futures Positions

- a) The daily settlement prices of series will be multiplied by the K coefficient diffused by Borsa Italiana and then will be rounded to the fourth decimal:

$$\text{Price Ex} = \text{Price Cum} \times K.$$

- b) The number of underlying shares will be divided by the same K coefficient and then will be rounded to the unit:

$$\text{BMPS Shares Number} = 1 \times \frac{1}{K}$$

The operations connected with the adjustment that must be made to back-Office system of Members which replicate margins of Euronext Clearing are described in detail below.

* * *

¹ Positions exercised and/or assigned up to Thursday 13 October 2022 will not be adjusted. Accordingly, the delivery obligation on these positions is still referred to a quantity of 1 Ordinary Shares *Cum* for the Options BMPS

² The coefficient K according to the following formula: $K = P_{\text{Ex}}/P_{\text{Cum}}$

2) Classification of Positions with cash and physical delivery

Options and Futures positions will be identified in *Clearing reports* as indicated in the following table:

Up to the last cum trading day			Starting from the first ex trading day				
Description	Number of Underlying Shares	Class Symbol	Description	Number of Underlying Shares	Class Symbol	Class Group	Product Group
BMPS <i>Ordinary Shares</i>	1	BMPS	BMPS <i>Shares Adjusted</i>	1 / K	BMPS1	BMPS	MPS
BMPS <i>Ordinary Shares</i>	1	BMPS1	BMPS <i>Shares 2nd Adjusted</i>	1 / K	BMPS2	BMPS	MPS
BMPS <i>Ordinary Shares</i>	1	BMPS E/A*	BMPS <i>Shares Cum</i>	1 cum	BMPSA BMPSB	BMPSA BMPSB	MPS
BMPS <i>Stock futures cash</i>	1	2BMPS	BMPS <i>Stock futures cash Adjusted</i>	1 / K	2BMPS1	BMPS	MPS
BMPS <i>Stock futures cash</i>	1	2BMPS1	BMPS <i>2nd Stock futures cash Adjusted</i>	1 / K	2BMPS2	BMPS	MPS
*) Class dedicated only to options exercised or assigned up to 13 October 2022							
Series that will be generated*			BMPS <i>(ordinary shares)</i>	1 EX	BMPS	BMPS	MPS
			2BMPS <i>(stock futures cash)</i>		2BMPS		

*The new Lot will be communicated with a subsequent Borsa Italiana's notice

3) Parameters purposes of margining

<i>Class</i>	<i>Multiplier</i>	<i>Share</i>	<i>Margin Interval</i>	<i>Futures Straddle Margin</i>	<i>Minimum Margin</i>	<i>Short Option Adjustment</i>
BMPS	-	EX	27,25%	200	2	20%
2BMPS	-	EX	27,25%	200	2	
BMPS1	1/K	RETT	27,25%	200	2	20%
BMPS2	1/K	RETT	27,25%	200	2	20%
2BMPS1	1/K	RETT	27,25%	200	2	
2BMPS2	1/K	RETT	27,25%	200	2	
BMPSA	1	CUM	27,25%		1	20%
BMPSB	1	CUM	27,25%		1	20%

5) Deposit of shares to cover positions on "short" call Options and Futures

Each new deposit must be accompanied by an indication of the relative Class symbol in Euronext Securities Milan transfer message.

Euronext Securities Milan will carry out the appropriate adjustment on the share concerned by the adjustment according to its own timescales and procedures.

6) Differentials

The calculation of the differentials arising from the adjustment of options will be indicated in the report RP – MC10 and dated 14 October and available 17 October.

The cash amount will be paid in the daily margin settlement on Tuesday 18 October and reports in the "Cash adjustments/Buy-in" of reports RP- MS11 e RP-MS12.

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The early exercise is suspended on **Friday 14 October 2022.**