

Notice – Adjustment of Positions Equity Derivatives Section

03 April 2020

Derivatives Section – Extraordinary dividend distribution: Impact on Stock Option contracts INWIT (INW)

Foreword

On Monday 3 April 2020 will be distributed an extraordinary dividend per INWIT (INW) with impact on Options contracts, in the manner indicated in Borsa Italiana's Notice n. 8384 dated 2 April, n. 8568 dated 3 April 2020 and section B.3.1.7. of the CC&G Rules.

1. Adjustment of Positions

At close of trading day of Friday 3 April 2020 and after the night batch, open positions will be adjusted as indicated below.

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:

$$\text{Shares Number} = 500/K$$

* * *

The operations connected with the adjustment that must be made to Back Office system of Members as indicated below.

¹ Positions exercised and/or assigned up to Friday 03 April 2020 will not be adjusted. Accordingly, the delivery obligation on these positions is still referred to a quantity of 500 INWIT Ordinary Shares *Cum*.

² The coefficient K according to the following formula:

$$K = \frac{P_{\text{last}} - \text{extraordinary dividend}^*}{P_{\text{last}}}$$

* extraordinary dividend = 0.5936 euro.



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2. Classificazione delle posizioni con consegna fisica

<i>Up to the last cum trading day (included)</i>			<i>Starting from the first ex trading day (included)</i>				
<i>Description</i>	<i>Number of Underlying Shares</i>	<i>Class Symbol</i>	<i>Description</i>	<i>Number of Underlying Shares</i>	<i>Class Symbol</i>	<i>Class Group</i>	<i>Product Group</i>
INWIT	500 INW <i>cum</i>	INW	INWIT <i>Adjusted</i>	500/K <i>ex</i>	INW1	INW	WIN
INWIT	500 INW <i>cum</i>	INW	INWIT <i>E/A</i>	500 <i>cum</i>	INWA	INWA	WIN
Series that will be generated			INWIT	500 INW <i>ex</i>	INW	INW	WIN

3) Parameters required for the purposes of margining

Classe	Multiplier	Tipo Azione	Intervallo del Margine	Margine Minimo Unitario	Short Option Adjustment
INW	500	EX	19,75%	36	20%
INW1	500/K	RETT	19,75%	36	20%
INWA	500	CUM	19,75%	36	20%

4) Deposit of shares to cover positions on “short” call Options

Each new deposit must be accompanied by an indication of the relative Class symbol in Monte Titoli transfer message.

Monte Titoli will carry out the appropriate adjustment on the share concerned by the adjustment according to its own timescales and procedures.

5) Differentials

The calculation of the differentials arising from the adjustment of options will be indicated in the report RP-MC10 dated 6 April 2020 and available 7 April 2020.

The cash amount will be paid in the daily margin settlement on Tuesday 7 April 2020 and reports in the "Cash adjustments/Buy-In" of reports RP-MS11 and MS12.

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The early exercise is suspended on 3 April, 2020.