

# Notice – Adjustment of Positions Equity Derivatives Section

18 February 2020

*MERGER OF CIR - COMPAGNIE INDUSTRIALI RIUNITE S.P.A. INTO COFIDE -  
Impact on Stock Option contracts and Stock Futures contracts CIR (CIR)*

## Foreword

On Wednesday 19 February 2020 will be a Merger of CIR into COFIDE of the following exchange ratio: 2.01 ordinary COFIDE shares, with a nominal value of Euro 0.50, for each CIR ordinary share. It should also be noted that on the effective date of the merger, COFIDE will change its name to "CIR - COMPAGNIE INDUSTRIALI RIUNITE S.p.A." as indicated in the Borsa Italiana's Notice n. 3217, n.3246 and n.3247 dated 17 February 2020 and section B.3.1.7. of the CC&G Rules.

## 1. Adjustment of Positions

At close of trading Tuesday 18 February 2020 and after the night batch, open positions will be adjusted as indicated below.

### 1.1 Options positions<sup>1</sup>

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

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

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

$$\text{Shares Number} = 1000/K=2010$$

### 1.2 Futures Positions

- 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:

<sup>1</sup> Positions exercised and/or assigned up to 17, February 2020 will not be adjusted. Accordingly, the delivery obligation on these positions is still referred to a quantity of 1000 Ordinary Shares *Cum*.

<sup>2</sup> Il coefficiente K è determinato secondo la seguente formula:

$$K = \frac{1}{\text{rapporto di concambio}} = 0,497512$$

dove:

$$\text{rapporto di concambio} = 2,01 \text{ azioni}$$



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

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

$$\text{Shares Number} = 1000/K=2010$$

\* \* \*

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

## 2. Classification of Positions

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

<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>
CIR	1000 CIR <i>cum</i>	CIR	CIR <i>Adjusted</i>	1000/K=2010 <i>ex</i>	CIR1	CIR	CIR
<b>Series that will be generated</b>			CIR COMPAGNIE INDUSTRIALI RIUNITE S.p.A	5000 CIR <i>ex</i>	CIR	CIR	CIR

- b) Stock Futures Cash

<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>
CIR <i>STOCK FUTURES CASH</i>	1000 CIR <i>cum</i>	2CIR	CIR <i>STOCK FUTURES CASH Adjusted</i>	1000/K=2010 <i>ex</i>	2CIR1	CIR	CIR
<b>Series that will be generated</b>			2CIR <i>Stock Futures cash</i>	5000 CIR <i>ex</i>	2CIR	CIR	CIR

### 3) Parameters required for the purposes of margining

Classe	Multiplier	Tipo Azione	Intervallo del Margine	Margine Futures Straddle	Margine Minimo Unitario	Short Option Adjustment
CIR	5000	EX	15,50%	140	17	20%
CIR1	1000/K=2010	ADJ	15,50%	60	7	20%
CIRA	1000	CUM	15,50%	40	6	20%
2CIR	5000	EX	15,50%	140	17	-
2CIR1	1000/K=2010	ADJ	15,50%	60	7	-

### 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 19 February 2020 and available 20 February 2020.

The cash amount will be paid in the daily margin settlement on Thursday 20 February 2020 and reports in the "Cash adjustments/Buy-In" of reports RP-MS11 and MS12.

\* \* \*

The early exercise is suspended on 18 February, 2020.